

# FAR EASTERN ECONOMIC REVIEW

Vol. XXI

Hongkong, July 5, 1956.

No. 1

<b>Election of People's Representatives in China</b> .....	1	<b>Taiwan</b>		<b>Hongkong</b>	
		The Invisible Trade of Taiwan	15	Hongkong Company Meetings (Lombard Insurance; American International Assurance; China Underwriters; Indo-China Steam Navigation) ....	23
<b>University Enquiry into the Cost of Living in HK</b> .....	3	<b>Japan</b>		Statistical Reports .....	25
		Economic Reports .....	17		
<b>China and the Evolution of the Soviet Revolution</b> .....	11	<b>Philippines</b>		<b>Finance &amp; Commerce</b>	
		Letter from Manila .....	18	Hongkong Exchange and Share Markets .....	27
<b>China</b>		<b>Indonesia</b>		Singapore Share Market .....	28
		Economic Survey (Part II) .....	19	June Trade Reports with Commodity Prices .....	29
<b>Reports from China</b> .....	13	<b>Singapore</b>			
		Developments in Singapore .....	21		

## ELECTION OF PEOPLE'S REPRESENTATIVES IN CHINA

Under her new Constitution, China is due to hold basic-level elections every two years. The second series is therefore due to be held this year, and close observers are looking for any sign of the effect of recent democratisation moves in the Soviet Union and the satellites on China. The State Council directive authorising preparations for the elections gives no indication of any intention to adopt anything like a two-Party system or alternative candidates such as Moscow is said to be contemplating. Nor is there any indication that there will be greater concessions in the direction of "free speech" such as was hinted at in an unusual article in the Soviet Government newspaper *Izvestia* on June 28, where it was suggested that the Soviet Union may be aided by a Parliament where opinions were publicly voiced and personal views expressed.

Hitherto Supreme Soviet meetings, which are supposed to be held twice yearly but under Stalin failed to meet at all over long periods of time, consisted of set speeches. The only criticisms allowed were of bureaucratic or administrative shortcomings, but never of Kremlin politics. But in the Polish Parliament outspoken speeches have already been made criticising Government policies. There are also reports of plain speaking, for a change, also in the various Commissions preparing for the next session of the Supreme Soviet. The Poznan revolt by the workers shows the mood even of the so-called "ruling class." And though repression is bound to follow, a new balance is bound to be struck in all Communist States ere long if an upheaval from below is to be prevented.

China is more and more following her own bent and her own traditional genius. During the recent session of the National People's Congress it was stated by the Communist leader Li Wei-han that the Central Committee's "momentous" policy of co-existence with the democratic groups is an "immutable and eternal principle," though he admitted that many members of the CCP do not take the democratic parties seriously, while in the democratic parties themselves there are many who do not take their parties seriously. But he reminded the more arrogant of the Communist members of Mao Tse-tung's dictum that "State affairs are the public concern of all people, and not the private business of any party or group." He insisted that the United Front will remain for many years, and stressed the need for a bigger role by the transformed bourgeoisie and their parties, with persuasion instead of coercion as the main instrument hereafter. At the same time he assailed what he called "a vulgar liberalistic attitude" among the Party members. So the ruling party is to remain a good deal more than merely *primus inter pares*.

But while everybody expected the bourgeois organisations to be abolished as soon as the People's Congress came in, it is clear that both as subordinate vehicles of the regime and as a means both of imparting the Party viewpoint and receiving the viewpoint of the transformed industrialists and merchants, these organisations are to be maintained. In view of what happened during the Five-Anti campaign which terrified them not so very long ago, it was almost bizarre to find a former multi-millionaire industrialist severely criticising the short-



comings of the Ministry of Commerce, and to find the Vice-Minister of that Ministry bowing his head in humble acknowledgment of the justice of the criticism. It was, of course, a put-up show, which has always characterised these and similar gatherings, but it is a healthy sign when the collaborators are permitted not merely to sound off the praises of the saviours of the country but also to treat them as merely human and criticise them. Whether Peking will go much beyond this remains to be seen. But the next elections are likely to be much the same as the first, which yielded better results in many ways than had been expected, despite the predominance of Party people.

It is suggested that the gigantic changes which have occurred this year in the rural areas and the cities brought with them very favourable conditions for the elections this year. The development of the Socialist revolution has promoted labour enthusiasm and political activeness to a high degree, declared the Peking People's Daily on May 31, and the people will surely participate in the elections "spiritedly, enthusiastically, and spontaneously." On the first occasion of the basic level elections in 1953 and 1954 working teams had to be sent from the party branches to organise and direct them. Most of the people left it to them to tell them what to do and how to do it.

But the Chinese learn fast and perhaps in some of the more sophisticated towns, if not in the deep countryside, the electors will take a hand in the choice of candidates and in the "canvassing" themselves. As the Peking mouthpiece says, the great majority of the people have now taken part in socialist or semi-socialist-economic organizations, in contrast with the position at the time of the first elections in China's history two or three years ago, when the people were "still in the scattered and unorganised state in their economic life," thus causing difficulties to varying extent in the work connected with the elections, such as education and propaganda, registration of voters, holding of meetings of groups of voters, and holding of election meetings.

But difficulties must still be expected in the elections this year. The year 1956 is one in which socialist construction and socialist transformation have risen to unprecedented heights; and after the campaign against rightist conservatism, all tasks are being developed on the most extensive scale, while the elections must be completed on schedule within the year. The tasks are numerous and time is short. Arrangements have therefore to be all the more adequate and allow both for the election work and for the other central tasks.

The State Council in its directive on the matter stipulates that basic level elections should in general be carried out between July and November—a period which is the slack season in agricultural production. Local leadership organs of all levels are enjoined to grasp tightly the time element, to concentrate forces, and fulfil the task on time as called

for by the State Council, while ensuring that agricultural production does not suffer.

Both the leadership and the masses have acquired a certain amount of experience from the first elections. That will help to bring about the simplicity convenience and practicability which must be sought in procedure and methods for the elections this year. Registration of voters and examination of their qualifications can be carried out on the basis of the universal elections held last time. The nomination of candidates for election as deputies and their actual election should also be carried out with a view to facilitating the masses. The demarcation of constituencies and groups of voters should be carried out in accordance with concrete conditions in the different areas, with production units as the basis for demarcation in the rural areas and with residential districts in combination with production or work units as the basis for demarcation in the urban areas. This will greatly simplify election work and bring about good results, says the Peking official organ.

Simplicity and practicability do not, however, imply haphazard measures. Election work is "a solemn political task," and haphazard measures would be wrong. Thus the authorities in the different areas must take full note of the State Council directive and especially of the three concrete demands to be released: (1) making a good job of the examination of the qualifications of voters, (2) mobilising the voters to take part enthusiastically and spontaneously in the elections, and (3) making a good job of the election of deputies itself. Persons not entitled to voting rights should not be allowed to usurp these solemn rights and persons entitled to vote should not be deprived of such rights.

And after they have "made a good job" of the elections, the Party cadres are told they must make a good job likewise of the first session of the second people's congresses. At this session, in addition to the discussion and review of work done, there must also be elected the people's council of the corresponding level, while the basic level congresses must further undertake the election of deputies to the congress of the higher level. The necessity of convoking the people's congresses and people's councils is emphasised not only for the implementation of the Constitution and the law but also to ensure the realization of collective leadership, which is the supreme principle for the organization and operation of the organs of State power in China.

The elections for the current year will start immediately. Local people's councils of all levels must establish in good time election machinery in accordance with the State Council's directive, and through the holding of meetings, the training of cadres, and the development of propaganda activities, make a good job of these and other preparations. The paper says that after the current elections the people's capacity for the management of State affairs will be further raised.



# UNIVERSITY ENQUIRY INTO THE COST OF LIVING IN HONGKONG

By Edward Szczepanik

(Lecturer in Economics, University of Hongkong)

## 1. INTRODUCTION

The existing general retail price index in the Colony is based on the results of the analysis of 182 family budgets which was carried out by the Government in June 1948. March 1947 was taken as the base period. Mention should be made that an analysis of 296 family budgets was also made in March 1947 but it was discarded as not sufficiently representative. In July 1949 an attempt was made to check the weights obtained in 1948 but as only 88 budget-forms were completed and analysed it was decided to retain the 1948 weights. A detailed "Report on Post-war Movements in the Cost of Living in Hongkong", describing the methods and results of these three surveys, was published by the Hongkong Government, Department of Statistics, in January 1950.

Since 1948, important economic changes have taken place in the Colony. Population has increased from about 1,800,000 to approximately 2,400,000 by the end of 1955. "The Hongkong Population Puzzle." Far Eastern Economic Review, Vol. XIX, No. 13, September 29th 1955. A great number of industries, previously unknown in the Colony, has been established. Rice rationing was abandoned in 1954. These, and many other factors, have produced justified doubts as to the validity of the family expenditure pattern obtained in 1948. Trade unions, social and political organizations as well as the Government have become anxious to check the weights of the price index on which the earnings of a large section of the Colony's working population depend.

In these circumstances the Department of Economics and Political Science of the University of Hongkong voluntarily undertook to carry out a sample survey of the workers' family budgets. By taking this decision, the Department revived the pre-war tradition which dates back to 1938 when Miss Kathleen J. Heasman, at that time Lecturer in Economics, made the first enquiry into the family expenditure of 650 Chinese workers. The Department then kept regular monthly statistics of the Cost of Living until June 1941. Only very few printed copies of the 1941 "Hongkong Cost of Living Statistics"\*) are still available in the Colony. It is interesting to note that even in the Japanese Internee Camp at Stanley, Miss Heasman tried to study and analyse the economic position of the Colony. Her last publication "for private circulation", dealing with the "Japanese Financial and Economic Measures in Hongkong" covers the period from December 25th 1941-June 1945 and bears the date "July, 1945"—just about a month before the liberation of the Colony. In this publication, Kathleen Heasman made a heroic effort to examine the trend of prices in Hongkong under Japanese occupation.

There are no records which would tell us who were Miss Heasman's colleagues and students in the Department and

what kind of co-operation she enjoyed. In 1955, I received most encouraging support from the Head of Department, Professor E. S. Kirby, as well as the Vice-Chancellor, Dr. L. T. Ride. Miss L. She, Supervisor of the Social Study Course, not only instructed all the interviewers but also secured the full effort of all her students. My own students in the Department responded in a most generous way, acting as interviewers and computers. A number of students from other Departments in the Faculty of Arts and some Medical and Science students joined too. As a result, I had a team of 43 interviewers who visited, during their Christmas vacation in December 1955, twenty six firms and institutions and contacted 257 workers. On the average, therefore, each student carried out 6 interviews.

The Commissioner of Labour, Mr. P. C. M. Sedgwick, was most helpful in supplying the names and addresses of factory proprietors and organizations likely to co-operate in the Survey. I should like to thank also Mr. D. Phillips, Government Statistical Officer, Mr. H. E. Aiers, Secretary of the Employers' Federation of Hongkong, and Mr. U Tat Chee of the Chinese Manufacturers Union.

Mr. Ng Kwok Leung, Research Assistant in the Department of Economics, acted as my closest collaborator. Without his help it would have been almost impossible to carry out the Survey and to have the results ready in such a short time.

## 2. METHOD

The main aim of the Survey was to provide a rough check of the 1948 workers' expenditure pattern. The interviewers were supplied with printed questionnaires which included the same items as in the 1948 Survey, with only slight modifications (e.g. rationed rice was eliminated). Apart from household particulars, the questionnaire included six columns: (i) Daily expenditures (ii) Monthly expenditures (iii) Annual expenditures (iv) Average per month (during the year) (v) Average monthly percentage (formed by a given item) of sub-total. (There were five main sub-totals: Food, Rent, Clothing, Fuel, Light and Cleaning, Other Items). (vi) Average monthly percentage (formed by a given item) of Grand Total.

This design gave the possibility of calculating directly on the questionnaire the relevant "weights" as the component elements of the expenditure pattern in column (vi). As each form was filled in by the student-interviewer, there was no need to ask the workers to keep their household accounts over a period of time. This method considerably reduced the time-length of the Survey and although objections may be raised as to the accuracy of the collected data, there were also additional advantages connected with this method. The interviewers were impartial, there was no external influence, all calculations were performed in a uniform way, seasonal fluctuations were eliminated by the reduction of all daily, monthly and annual expenditures to a monthly average over a year. Not a single questionnaire was wasted, whereas e.g. in 1947 of the total number of 619 forms only 358 were returned by the employees of Government Departments and commercial firms and not one

This is the seventh article in the series of Mr. Szczepanik's Studies in the Economic Structure of Hongkong. Cf. this Review of October 28th, Nov. 11th and Dec. 16th 1951, and July 17th, Sept. 29th and Dec. 29th 1955. (Editor's Note).

\* Published by the Department of Economics, Hongkong University.



was returned by the Trade Unions. In 1948, when 405 forms were issued, 340 (84%) were returned. In 1949 the response was only 67%. It seems, therefore, that the method employed in the 1955 University Survey was much more efficient and I would even say more reliable, because it represented a better cross-section of workers by including not only workers capable of keeping their weekly accounts but also those who otherwise could not possibly be expected to count their cents and keep written records.

Workers were contacted by the interviewers in their place of work and they were interviewed subsequently either at homes or, if it was possible, in the firm or institution employing them.

The workers interviewed were the employees of the following firms and institutions: 1) Star Taxicab Co., Ltd. 2) National Lacquer and Paint Product Co., Ltd. 3) Taikoo Dockyard and Engineering Co., Ltd. 4) Nanyang Cotton Mill Ltd. 5) I-Feng Enamel Factory 6) Imperial Chemical Industries Ltd. 7) Green Island Cement Co., Ltd. 8) Royal Naval Dockyard 9) Dairy Farm, Ice and Cold Storage Co., Ltd. 10) China Motor Bus Co. 11) Hongkong Telephone Co., Ltd. 12) Hongkong Rope Manufacturing Co., Ltd. 13) New Asiatic Chemical Works (H.K.) Ltd. 14) Lee Wah Weaving Factory Ltd. 15) China Light and Power Co., Ltd. 16) Hongkong and China Gas Co., Ltd. 17) Fish Marketing Organization 18) University of Hongkong 19) China Oxygen and Acetylene Co., Ltd. 20) Vegetable Marketing Organization 21) Hongkong and Kowloon Wharf and Godown Co., Ltd. 22) Star Ferry Co., Ltd. 23) Peak Tramways Co., Ltd. 24) Peninsula Hotel 25) Kader Plastic Industrial Co., Ltd. 26) Hongkong Rubber Manufactory Ltd. I should like to take this opportunity to express my thanks to all these firms and institutions for their kind co-operation.

The above list shows that the Survey covered a very representative sample of the Colony's workers. The Survey was not intended to cover the so-called upper and middle classes of the population as they were also excluded from the 1948 Survey. The 1955 Survey included a greater percentage of industrial workers than in 1948 thus truly reflecting the change in the Colony's occupational structure. This feature deserves particular stress as public concern was expressed especially in connection with the level of earnings of industrial workers.

The following table compares the 1948 and 1955 Surveys from the point of view of budget-groups represented in the two samples:

Table 1

Budget Group (HK\$)	1948 Government Survey		1955 University Survey	
	Number	Percentage	Number	Percentage
Under 200	106	34.30	97	37.74
200-299	53	17.16	86	33.07
300-399	38	12.29	52	20.23
400-499	43	13.91	12	4.67
500-599	21	6.79	4	1.56
600-699	19	6.15	2	0.78
700-799	8	2.59	1	0.39
800-899	6	1.94	1	0.39
900-and over	15	4.85	2	0.78
Total	309	100.0	257	100.00

It should be noted that in the 1948 Survey categories of expenditures below \$200 and above \$800 were subsequently eliminated, leaving only budgets between \$200 and \$799, with the average of \$414.84. Thus, for the purpose of calculating the distribution of this average between various items, only 182 budgets were used.

In the 1955 Survey carried out by the University the average budget amounted to \$257.94. All 257 budgets were used for the calculation of the weights of the five major sub-totals: 1) Food, 2) Rent, 3) Clothing, 4) Fuel, light and cleaning, and 5) Other Items. The weights were not calculated for each budgetary group but were obtained as an average of the percentages calculated for each budget.

It appears from the above that the 1955 Survey provided a sample which was not only larger than that of 1948 but also more representative of the earnings of the Colony's working population, i.e. persons whose income is not derived from profits or property ownership. The difference in the composition of the two samples should, however, be borne in mind when comparing the results of the two Surveys.

An interesting feature of the 1955 University Survey was an attempt to examine the saving habits of the workers. On the first page of the questionnaire an enquiry was made as to the total family earnings. This was subsequently compared with the total amount of expenditures. In this way it was found that on the average each family was saving \$6.20 per month, i.e. about 2.35% of the family's total income.

The 1955 University Survey provided also an answer to the question, what part of the family's total income is earned by the head of the household and what is the contribution of its other members. It was found that in the average family income of \$264 (expenditures plus savings), \$213, i.e. 80.7% was contributed by the head of the household, and the rest of \$51, i.e. 19.3%, was earned by the remaining members of the family.

### 3. GENERAL EXPENDITURE PATTERN

The process of calculating the main sub-totals of expenditures took about a month so that by February 3rd 1956 it was possible to produce the following tabulated comparison:

Table 2

Head and item of expenditure	Government Survey (June 1948)	University Survey (December 1955)
I. Food (including drink) ....	51	53.83
II. Rent .....	9	9.64
III. Clothing (including shoes) ..	7	5.35
IV. Fuel, Light and Cleaning		
(a) Fuel .....	4	4.58
(b) Electric Light .....	1	0.83
(c) Cleaning .....	2.5	1.82
V. Other Items		
(a) Education .....	3.5	3.51
(b) Tobacco and cigarettes ..	3	4.89
(c) Doctors and medicines ..	2.5	1.81
(d) Fares .....	2.25	2.52
(e) Household equipment ..	1.75	0.95
(f) Hairdressing .....	1.50	1.89
(g) Newspapers and stationery .....	1.50	1.06
(h) Shoe repairs .....	0.50	0.19
(i) Rates and Miscellaneous .....	9	7.34
Total .....	100.00	100.00

It will be noticed that the two patterns differ as to the methods of rounding, the University figures being more accurate. As a result of this, the University weights add up to a little over 100 (exactly, 100.21), and some differences in weights are exaggerated.

Apart from those purely technical differences, the two expenditure patterns are very similar. If due account is taken of the fact that the occupational and thus income



coverage of the two Surveys was not quite identical it is possible to conclude that the 1948 pattern has not changed in a very significant way and that therefore no serious error results from the employment of the 1948 weights for the calculation of the retail price index and of the cost of living allowances based on it. More precise analysis of the significance of the weights' changes between 1948 and 1955 is presented in Section 6 below.

As far as the general expenditure pattern is concerned a better insight can be obtained by comparing the pattern of the average budget of the University Survey, i.e. approximately \$258 per month, with the distribution of the two nearest budgets analysed by the Government in June 1948:

Table 3

Head and item of expenditure	Government Survey (June 1948) Average Budget		University Survey (December 1955) Average Budget
	\$247	\$325	\$258
I. Food .....	59	56	54
II. Rent .....	12	11.5	9.5
III. Clothing (includ- ing shoes) .....	4	4	5
IV. (a) Fuel and Light ....	5	6	5
(b) Cleaning ....	2	3	2
V. All other .....	18	19.5	24.5
Total .....	100%	100%	100%

Note: For the purpose of comparison, University weights in this table are rounded in the same way as the Government weights.

Direct comparison of the 1955 and 1948 patterns cannot be made because the 1955 distribution is the average of all budgets analysed, whereas the above two Government averages for 1948 refer to the range of expenditures within the nearest \$50. If this is taken into account, however, it would appear that the change in the expenditure pattern of the Colony's working population was almost insignificant.

The Government Report on the 1948 Survey does not provide information as to the distribution of "Other Items" among various income groups. It is probably here that at least one noticeable change has occurred, viz. the rise in the weight of expenditures on tobacco and cigarettes, from 3 to 4.89 per cent. This may be due to the fact that heavier taxation has been imposed on them since 1949. The increase may also indicate the tendency to smoke better cigarettes and tobacco but it is very likely that simply more people are taking up the habit of smoking or smoking more than before.

It is interesting to compare the 1955 expenditure pattern with the pattern obtained in 1938 by Miss Heasman:

Table 4

Item	Heasman Survey (Autumn 1938)	Government Survey (June 1948)	University Survey (December 1955)
Food .....	34	51	53.83
Rent .....	20	9	9.64
Clothing .....	8	7	5.35
Fuel & Light ....	8	7.5	7.23
		(including cleaning)	
Other Items .....	30	25.5	23.95
Total .....	100	100	100

These three surveys are not exactly comparable, nevertheless the broad picture resulting from the above table indicates clearly that we are now spending much more on

food than in 1938 and that the relative cost of rent has declined by about 50 per cent if it is compared with the pre-war position.

Finally, it is possible to contrast the results of the 1955 Hongkong Survey with the recently published results of the 1953-1954 Cost of Living Survey in Great Britain.

Table 5

Item	U.K. Survey (1953-1954, at January 1956 prices)	Hongkong Survey (December 1955, at current prices)
Food and drink	42.1	53.83
Housing	8.7	9.64
Clothing & Footwear	10.6	5.35
Fuel and Light	5.5	7.23 (incl. cleaning)
Tobacco and cigarettes	8.0	4.89
Transport and vehicles	6.8	2.52
Household equipment	6.6	0.95
Other items	11.7	15.59
<b>Total</b>	<b>100.0</b>	<b>100.0</b>

Keeping in mind all due reservations as to the validity of comparisons between the two surveys it appears that in Hongkong we spend a higher proportion of our incomes on food than in Great Britain. We also spend a little more on fuel and light and our housing costs us also relatively more. We spend less, however, on clothing and footwear, on tobacco and cigarettes, on transport, and very much less on household equipment. These observations may be regarded as a fairly accurate comparison of the cost of living in the Colony and in the United Kingdom and as such they may be useful when describing the cost of living in the Colony to tourists or to personnel seeking employment in Hongkong.

#### 4. DETAILED EXPENDITURE PATTERN

The second stage of the University enquiry into the cost of living consisted in the calculation of the weights of the particular items of which the major sub-totals were composed. For this purpose, 152 questionnaires were selected as the rest did not contain sufficiently detailed information. The work connected with this stage of analysis took another month and was performed during February—March 1956. As was pointed out, in the Government Survey of June 1948 also only 182 budgets were selected. Thus as far as the coverage is concerned, the University Survey was not very dissimilar from the Government Survey of 1948.

Comparative results of the two Surveys are summarized below under the headings of major sub-totals:

Table 6

I. Food (incl. drink)	Government Survey (June 1948)	University Survey (December 1955)
Rice	27.52	30.76
Flour	0.32	0.17
Bread	2.18	4.02
Biscuits	1.83	0.97
Fish (Salt Water)	6.07	8.89
Fish (Fresh Water)	5.12	3.91
Fish Salted	2.13	2.06
Pork (Fresh)	7.90	6.98
Beef	5.82	2.65
Chicken	2.71	1.06
Duck	0.96	0.39
Eggs (Hen)	2.94	1.91
Eggs (Duck)	1.42	0.31
Vegetables (Fresh)	4.30	7.07

#### I. FOOD (incl. drink) Government Survey (June 1948) University Survey (December 1955)

Salted and Dried Leafy Vegetables	0.83	0.60
Potatoes (Irish)	0.93	0.66
Potatoes (Sweet)	0.29	0.29
Bean Sprout	0.56	0.71
Bean Curd	0.66	0.93
Dried Bean Curd	0.31	0.18
Fruits	2.64	1.78
Peanut and other Cooking Oil	3.46	3.25
Soya Bean Sauce	1.11	0.75
Salt	0.29	0.28
Milk (Fresh)	1.16	0.35
Milk (Canned or Evaporated)	2.21	2.01
Sugar	1.46	0.84
Jam	0.41	0.07
Tea	1.05	0.41
Wine (Sheung Ching)	1.77	0.72
Miscellaneous	2.74	5.94
Meals away from home	6.90	9.92
<b>Total</b>	<b>100.00</b>	<b>100.00</b>

The above table is self-explanatory and does not require any comments. The careful reader will easily notice the increase in the weight of rice, bread, salt water fish, fresh vegetables and meals away from home, and the decrease in the weight of fresh water fish, meat, poultry and eggs, fruits, milk, sugar, tea, wine, as well as changes in other minor items. The statistical significance of these changes will be shown in the next section of this article. To a very great extent, these differences can be explained by the difference between the average income in the two surveys. Some of them, however, are real changes. I am not concerned, however, with the nutritional importance of these changes. This should be left for other specialists to investigate.

The Government Report on the 1948 Survey does not contain data concerning the relative importance of the component elements of other sub-totals, except food. As a result of this, for the purpose of calculating the general retail price index, unweighted average percentage changes in the prices of these component elements are used by the Government. Weights are applied only to sub-totals taken as a group.

The 1955 University Survey provided a fairly accurate picture of the proportions taken by particular items in all sub-totals. This is described below in general terms:

**Clothing:** About 60% of this item consists of expenditures on clothes, clothing material and tailoring charges. Boots and shoes present about 30%, and the rest is spent on repairs of clothes.

**Fuel:** Almost half of this item is spent on kerosene oil, 40% on firewood and the rest on charcoal, matches and candles. Gas is practically not used by the sampled Chinese working population.

**Cleaning:** Approximately 80% of this item consists of the cost of soap, 10% is spent on starch and blue and the remaining 10% on dry cleaning etc.

**Household equipment:** About 30% of this item is spent on brooms and brushes, 25% on crockery, glasses and chopsticks, 15% on pans and pots, 5% on tools and the rest (about 25%) on various types of furniture.

**Miscellaneous:** The distribution of this item is very irregular, but broadly speaking, 40% of it is spent on amusements (cinemas, sport etc.), 30% on social expenses, 10% on subscriptions to clubs, unions, etc. and the rest on insurance, rates and other items which defy specification.



## 5. QUANTITATIVE ANALYSIS

The budgetary pattern produced by the University Survey gives the possibility of estimating the "real" value of the workers' expenditures, i.e. in terms of goods and services obtainable at December 1955 prices. The results are

presented in the following table. This table should facilitate the calculation of the caloric value of food expenditures and should be helpful in comparing the standards of living in the Colony and in the neighbouring countries in the Far East.

Table 7

## DISTRIBUTION OF THE AVERAGE MONTHLY BUDGET OF A WORKER'S FAMILY (5 persons)

Item	Weights of items	Weights of sub-totals	Sum \$ c	Price per unit \$ c	Quantity obtainable
<b>I. FOOD (including drink)</b>					
Rice .....	30.76		42.55	0.51 per catty	83.5 catties
Flour .....	0.17		0.24	0.50 per catty	0.5 catties
Bread .....	4.02		5.56	0.50 per lb.	11.0 lbs.
Biscuits .....	0.97		1.34	1.35 per lb.	1.3 lb.
Fish (Salt Water) .....	8.89		12.30	1.90 per catty	6.5 catties
Fish (Salted) .....	2.06		5.41	1.90 per catty	3.0 catties
Fish (Fresh Water) .....	3.91		2.85	2.38 per catty	1.2 catties
Pork (Fresh) .....	6.98		9.66	3.90 per catty	2.5 catties
Beef .....	2.65		3.67	3.15 per catty	1.2 catties
Chicken .....	1.06		1.47	5.50 per catty	0.25 catties
Duck .....	0.39		0.54	3.40 per catty	0.15 catties
Eggs (Hen) .....	1.91		2.64	0.20 each	13 eggs (Hen)
Eggs (Duck) .....	0.31		0.43	0.20 each	2 eggs (Duck)
Vegetables (Fresh) .....	7.07		9.78	0.30 per catty	33 catties
Salted and Dried Leafy Vegetables .....	0.60		0.83	1.20 per catty	0.7 catties
Potatoes (Irish) .....	0.66		0.91	0.23 per catty	4 catties
Potatoes (Sweet) .....	0.29		0.40	0.20 per catty	2 catties
Bean Sprout .....	0.71		0.98	0.30 per catty	3.3 catties
Bean Curd .....	0.93		1.29	1.80 per square	0.7 square
Dried Bean Curd .....	0.18		0.25	0.05 per piece	5 pieces
Fruits .....	1.78		2.46	0.50 per catty	5 catties (Bananas)
Peanut and other Cooking Oil ..	3.25		4.50	1.80 per catty	2.5 catties
Soya Bean Sauce .....	0.75		1.04	1.00 per catty	1 catty
Salt .....	0.28		0.39	0.13 per catty	3 catties
Milk (Fresh) .....	0.35		0.48	0.55 per ½ pint	9 ozs.
Milk (Canned or Evaporated) ..	2.01		2.78	0.95 per tin	3 tins.
Sugar .....	0.84		1.16	0.40 per lb.	2.9 lbs.
Jam .....	0.07		0.10	0.85 per tin of 12 ozs.	1.5 ozs.
Tea (Luk On) .....	0.41		0.57	5.60 per catty	0.1 catties
Wine (Sheung Ch'ng) .....	0.72		1.00	2.40 per catty	0.4 catties
Canned Food .....	0.41		0.57	0.50 per tin of sardines	1 small tin
Money spent on meals bought away from home .....	9.92		13.72	0.70 per bowl of roasted goose with rice	20 bowls
Miscellaneous foodstuffs and beverages not listed above ..	5.53		7.65	0.30 per bottle of "Green Spot"	26 bottles
<b>Sub-Total I (Food, incl. drink)</b> .....	<b>100.84</b>	<b>53.83</b>	<b>138.34</b>		
<b>II. RENT</b> .....		<b>9.64</b>	<b>24.77</b>		
<b>III. CLOTHING (including shoes)</b>					
Clothes and Clothing material and Tailoring Charges .....	60.00		8.25	3.00 per yard	2.75 yards of cotton twills
Boots and Shoes .....	30.00		4.13	4.00 per pair	1 pair of rubber shoes
Repairs to clothes .....	10.00		1.37	0.45 per reel	3 reels of thread
<b>Sub-Total III (Clothing)</b> .....	<b>100.00</b>	<b>5.35</b>	<b>13.75</b>		
<b>IV. FUEL, LIGHT &amp; CLEANING</b>					
<b>(a) Fuel:</b>					
Kerosene Oil .....	50.00		5.89	0.30 per catty	20 catties
Firewood (Ng Chau) .....	40.00		4.71	7.50 per picul	63 catties
Charcoal .....	10.00		1.17	0.20 per catty	3 catties
Matches .....				0.30 per 10 boxes	6 boxes
Candles .....				0.10 per pair	4 pairs
<b>Sub-Total IV/a (Fuel)</b> .....	<b>100.00</b>	<b>4.58</b>	<b>11.77</b>		

Item	Weights of items	Weights of sub-totals	Sum \$ c	Price per unit \$ c	Quantity obtainable	
(b) Electricity (Light) ..... (Power) .....		0.83	2.13	0.31 per unit 0.13 per unit	7 or 16.5	units units
(c) <b>Cleaning:</b>						
Soap (Washing & Toilet) .....	80.00		3.74	1.35 per bar & 0.50 per tablet	2	bars of washing soap and 2 tablets of toilet soap
Starch .....	10.00		0.47	0.50 per catty	1	catty
Washing, Cleaning of Clothes and Blue .....	10.00		0.47	0.25 per piece of blue	2	pieces of blue
Sub-Total IV/c (Cleaning) ....	100.00	1.82	4.68			
<b>V. OTHER ITEMS</b>						
(i) Education Expenses .....		3.51	9.02		10	days of school fees for one child
(ii) Tobacco & Cigarettes ....		4.89	12.57	0.30 per packet of 10	42	packets of 'Pirate' cigarettes
(iii) Doctors & Medicines ....		1.81	4.65		2	doctor's consultations plus medicines
(iv) Fares (Bus, Ferry, Tramcar) .....		2.52	6.48		65	trips by 2nd class tram
(v) <b>Household equipment</b>						
Brooms & brushes .....	30.00		0.73	0.90 each	1	coir broom
Crockery & glass, chop- sticks etc. ....	25.00		0.61	0.05 per pair	12	pairs of chopsticks
Furnitures, baskets, grips & trays .....	25.00		0.61	3.00 per rattan basket of 16"	1	rattan basket every 5 months
Pans & pots .....	15.00		0.37	1.70 per earthen teapot	1	earthen teapot every 5 months
Tools .....	5.00		0.12			
Sub-Total V/v (Household equipment) .....	100.00	0.95	2.44			
(vi) Hairdressing .....		1.89	4.86	1.50 per man's hair- dressing	3	man's haircuttings
(vii) Newspapers & Stationery		1.06	2.72	2.70 per month	1	month's subscription of "Sing Pao"
(viii) Shoe-repairs .....		0.19	0.49	0.25 per pair	2	pairs of shoe-laces
(ix) <b>Miscellaneous:</b>						
Subscription to Clubs, Unions, etc. ....	10.00		1.89		1	membership fee in one Union
Amusements (Cinemas, sports, etc. ....	40.00		7.54		8	tickets in a 2nd class cinema
Social Expenses .....	30.00		5.66		2	lunches for 2 persons
Insurance } Other expenses }	20.00		3.77			
Sub-Total V/ix (Miscellaneous)	100.00	7.34	18.86			
Grand Total .....		100.00	258.00			

## 6. SIGNIFICANCE TEST

The most important question we have to answer is to what extent the employment of the 1955 University Weights could change the current price index in the Colony. An attempt to answer this question was left for the final stage of the statistical work connected with the Survey. For this

purpose, comparison was made between the University Price Index and the Government Price Index for the months of August and December 1955. These two months were chosen on account of a fairly wide discrepancy between the August and December 1955 index numbers as calculated by the Government. The results and relevant parts of the calculations involved are presented below:



Table 8

Food (including drink)	Government Weights (June 1948)	August 1955		December 1955	
		% Change	Product (March 1947 taken as a base)	% Change	Product
Rice	27.52	— 40	— 1,100.80	— 36	— 990.72
Flour	0.32	+ 14	+ 4.48	+ 14	+ 4.48
Bread	2.18	+ 25	+ 54.50	+ 25	+ 54.50
Biscuits	1.83	+ 8	+ 14.64	+ 8	+ 14.64
Fish (Salt Water)	6.07	+ 78	+ 473.46	+ 84	+ 509.88
Fish (Fresh Water)	5.12	+ 93	+ 476.16	+ 79	+ 404.48
Fish (Salted)	2.13	+ 155	+ 330.15	+ 177	+ 377.01
Pork (Fresh)	7.90	+ 59	+ 466.10	+ 39	+ 308.10
Beef	5.82	+ 64	+ 372.48	+ 58	+ 377.56
Chicken	2.71	+ 77	+ 208.67	+ 32	+ 86.72
Duck	0.96	— 19	— 18.24	— 20	— 19.20
Eggs (Hen)	2.94	+ 25	+ 73.50	+ 25	+ 73.50
Eggs (Duck)	1.42	+ 5	+ 7.10	+ 3	+ 4.26
Vegetables (Fresh)	4.30	+ 122	+ 524.60	+ 23	+ 98.90
Salted and Dried Leafy Vegetables	0.83	+ 224	+ 185.92	+ 247	+ 205.01
Potatoes (Irish)	0.93	— 9	— 8.37	— 17	— 15.81
Potatoes (Sweet)	0.29	+ 142	+ 41.18	+ 67	+ 19.43
Bean Sprout	0.56	+ 34	+ 19.04	+ 19	+ 10.64
Bean Curd	0.66	+ 36	+ 23.76	+ 38	+ 25.08
Dried Bean Curd	0.31	+ 17	+ 5.27	+ 15	+ 4.65
Fruits	2.64	+ 52	+ 137.28	+ 57	+ 150.48
Peanut and Other Cooking Oil	3.46	— 8	— 27.68	— 8	— 27.68
Soya Bean Sauce	1.11	+ 27	+ 29.97	+ 30	+ 33.30
Salt	0.29	+ 6	+ 1.74	+ 6	+ 1.74
Milk (Fresh)	1.16	+ 10	+ 11.60	+ 10	+ 11.60
Milk (Canned or Evaporated)	2.21	+ 9	+ 19.89	+ 12	+ 26.52
Sugar	1.46	+ 0	+ 0.00	+ 0	+ 0.00
Jam	0.41	+ 33	+ 13.53	+ 31	+ 12.71
Tea	1.05	+ 24	+ 25.20	+ 23	+ 24.15
Wine (Sheung Ching)	1.77	+ 13	+ 23.01	+ 23	+ 40.71
Total	90.36		+ 2,388.14		+ 1,786.64

Percentage change of the food prices compared with March 1947:  
For August 1955: 2,388.14 : 90.36 = 26.43 (rounded figure : 26%)  
For December 1955: 1,786.64 : 90.36 = 19.77 (rounded figure : 20%)

Similar calculation with the University Weights gives the following results:

Table 9

Food (including drink)	University Weights (Dec. 1955)	August 1955		December 1955	
		% Change	Product (March 1947 taken as a base)	% Change	Product
Rice	30.76	— 40	— 1,230.40	— 36	— 1,107.36
Flour	0.17	+ 14	+ 2.38	+ 14	+ 2.38
Bread	4.02	+ 25	+ 100.50	+ 25	+ 100.50
Biscuits	0.97	+ 8	+ 7.76	+ 8	+ 7.76
Fish (Salt Water)	8.89	+ 78	+ 693.42	+ 84	+ 746.76
Fish (Fresh Water)	3.91	+ 93	+ 363.63	+ 79	+ 308.89
Fish (Salted)	2.06	+ 155	+ 319.30	+ 177	+ 364.62
Pork (Fresh)	6.98	+ 59	+ 411.82	+ 39	+ 272.22
Beef	2.65	+ 64	+ 169.60	+ 58	+ 153.70
Chicken	1.06	+ 77	+ 81.62	+ 32	+ 33.92
Duck	0.39	— 19	— 7.41	— 20	— 7.80
Eggs (Hens)	1.91	+ 25	+ 47.75	+ 25	+ 47.75
Eggs (Duck)	0.31	+ 5	+ 1.55	+ 3	+ 0.91
Vegetables (Fresh)	7.07	+ 122	+ 862.54	+ 23	+ 162.61
Salted and Dried Leafy Vegetables	0.60	+ 224	+ 134.40	+ 247	+ 148.20
Potatoes (Irish)	0.66	— 9	— 5.94	— 17	— 11.22
Potatoes (Sweet)	0.29	+ 142	+ 41.18	+ 67	+ 19.43
Bean Sprout	0.71	+ 34	+ 24.14	+ 19	+ 13.49
Bean Curd	0.93	+ 36	+ 33.48	+ 38	+ 35.34
Dried Bean Curd	0.18	+ 17	+ 3.06	+ 15	+ 2.70
Fruits	1.78	+ 52	+ 92.56	+ 57	+ 101.46
Peanut and Other Cooking Oil	3.25	— 8	— 26.00	— 8	— 26.00
Soya Bean Sauce	0.75	+ 27	+ 20.25	+ 30	+ 22.50
Salt	0.28	+ 6	+ 1.68	+ 6	+ 1.68
Milk (Fresh)	0.35	+ 10	+ 3.50	+ 10	+ 3.50
Milk (Canned or Evaporated)	2.01	+ 9	+ 18.09	+ 12	+ 24.12
Sugar	0.84	+ 0	+ 0.00	+ 0	+ 0.00
Jam	0.07	+ 33	+ 2.31	+ 31	+ 2.17
Tea	0.41	+ 24	+ 9.84	+ 23	+ 9.43
Wine (Sheung Ching)	0.72	+ 13	+ 9.36	+ 23	+ 16.56
Total	84.98		+ 2,185.97		+ 1,450.22

Percentage change of food prices compared with March 1947:  
For August 1955: 2,185.97 : 84.98 = 25.7 (rounded figure : 26%)  
For December 1955: 1,450.22 : 84.98 = 17.1 (rounded figure : 17%)



For the purpose of comparison, the two results are tabulated below:

Table 10

Index	March 1947	August 1955	December 1955
Government Food Index	100	126	120
University Food Index	100	126	117

It appears from the above that for practical purposes, with price fluctuations such as those which occurred in

August 1955, it makes no difference whether the Government or the University weights are employed. In December 1955, however, price fluctuations were sufficiently wide to produce a difference of three points in the food price index. Thus the employment of the University weights would make the food price index more sensitive to current fluctuations of the prices of food and drink.

As far as the general retail price index is concerned, the significance of the possible switch from the Government to the University weights can be tested in the following way:

Table 11

Item		Government Weights (June 1948)	% Change	August 1955 Product (March 1947 taken as a base)	% Change	December 1955 Product
I.	Food (incl. drink)	51	+ 26	+ 1,326	+ 20	+ 1,020
II.	Rent	9	+ 19	+ 171	+ 19	+ 171
III.	Clothing (incl. shoes)	7	— 8	— 56	— 9	— 63
IV.	Fuel, light and cleaning:					
(a)	Fuel	4	— 11	— 44	— 8	— 32
(b)	Electric light	1	— 40	— 40	— 40	— 40
(c)	Cleaning	2.5	— 10	— 25	— 10	— 25
V.	Other items:					
(a)	Education	3.5	+ 38	+ 133	+ 40	+ 140
(b)	Tobacco and cigarettes	3.0	+ 13	+ 39	+ 13	+ 39
(c)	Doctors and medicines	2.5	+ 6	+ 15	+ 5	+ 12.5
(d)	Fares	2.25	0	0	0	0.0
(e)	Household equipment	1.75	+ 11	+ 19.3	+ 10	+ 17.5
(f)	Hairdressing	1.50	+ 22	+ 33	+ 22	+ 33
(g)	Newspapers and stationery	1.50	+ 53	+ 79.5	+ 53	+ 79.5
(h)	Shoe repairs	0.5	— 22	— 11	— 22	— 11
(i)	Rates	0.25	0	0	0	0
Total		91.25		+ 1,639.8		+ 1,341.5

Percentage change of the general retail price level compared with March 1947:  
For August 1955: 1,639.8 : 91.25 = 17.97 (rounded figure : 18%)  
For December 1955: 1,341.5 : 91.25 = 14.70 (rounded figure : 15%)

Similar calculation with the University Weights gives the following results:

Table 12

Item		University Weights (Dec. 1955)	% Change	August 1955 Product (March 1947 taken as a base)	% Change	December 1955 Product
I.	Food (incl. drink)	53.83	+ 25.7	+ 1,383.43	+ 17.1	+ 920.49
II.	Rent	9.64	+ 19	+ 183.16	+ 19	+ 183.16
III.	Clothing (incl. shoes)	5.35	— 8	— 42.80	— 9	— 48.15
IV.	Fuel, light and cleaning:					
(a)	Fuel	4.58	— 11	— 50.38	— 8	— 36.64
(b)	Electric light	0.83	— 40	— 33.20	— 40	— 33.20
(c)	Cleaning	1.82	— 10	— 18.20	— 10	— 18.20
V.	Other items:					
(a)	Education	3.51	+ 38	+ 133.38	+ 40	+ 140.40
(b)	Tobacco and cigarettes	4.89	+ 13	+ 63.57	+ 13	+ 63.57
(c)	Doctors and medicines	1.81	+ 6	+ 10.86	+ 5	+ 9.05
(d)	Fares	2.52	0	0	0	0
(e)	Household equipment	0.95	+ 11	+ 10.45	+ 10	+ 9.50
(f)	Hairdressing	1.89	+ 22	+ 41.58	+ 22	+ 41.58
(g)	Newspapers and stationery	1.06	+ 53	+ 56.18	+ 53	+ 56.18
(h)	Shoe repairs	0.19	— 22	— 4.18	— 22	— 4.18
(i)	Rates	0.25	0	0	0	0
Total		93.12		+ 1,733.85		+ 1,283.56

Percentage change of the general retail price level compared with March 1947:  
For August 1955: 1,733.85 : 93.12 = 18.62 (rounded figure : 19%)  
For December 1955: 1,283.56 : 93.12 = 13.78 (rounded figure : 14%)



For the purpose of comparison, the two results are tabulated below:

Table 13

Index	March 1947	August 1955	December 1955
Government General Retail Price Index	100	118	115
University General Retail Price Index	100	119	114

It appears from the above comparison that the switch from the Government Weights to the University Weights, with price fluctuations in the range as existed between August and December 1955, would not produce a difference greater than one point in the general retail price index. This difference, moreover, may be justly attributed to the pure computation difference connected with rounding. Otherwise, the difference is a proof of the greater sensitivity of the University index with respect to fluctuations in the prices of food, which was indicated before.

### 7. CONCLUSIONS

The University enquiry into the cost of living in the Colony can be concluded with the statement that the weights employed by the Government for the purpose of calculating the general retail price index adequately reflect the expenditure pattern of the Colony's population earning incomes between HK\$200 and \$800 per family per month. Therefore, as far as this group of population is concerned, there seems to be no need for the revision of the methods

of computation of the cost of living allowances in the Colony.

It is in the nature of all statistical averages that they do not precisely reflect the position of all the component groups of the population. The University enquiry has proved, however, that even for the lower income group of the Colony's working population, i.e. spending around HK\$258 per family per month (about \$52 per head) the switch to more recent weights as found by the University Survey, would not produce a difference greater than about one point in the index.

Neither the Government Survey of 1948 nor the University Survey of 1955 were concerned with the analysis of the expenditure pattern of the families spending more than HK\$800 per month. Such an investigation could be made should it be regarded as necessary.

Finally, the social value of the University Survey should be emphasized. It has provided at negligible cost a useful check on an important element on which wages policy in the Colony depends. The work performed by the students and staff of the Economics Department of the University should be regarded as a social service rendered by them to the community. The possibility of making more frequent use of practical services of this kind, which the University can provide, should not be overlooked. An annual survey of the cost of living, for instance, could greatly contribute towards eliminating one of the potential sources of labour discontent and a demographic sample survey would go far to improve the estimates of the Colony's population.

## CHINA AND THE EVOLUTION OF THE SOVIET REVOLUTION

The shocks sustained in Peking by the successive changes of Soviet policy, highlighted in the attacks on Stalin, have led to conformity with the new line but to independent nuances which have saved both immediate and future embarrassments. All the same the hierarchy in Peking closely follow every development in the new orientation of collective policy. So also do the intellectuals generally, for just as the revolution in China is the authentic copy in broad outline of the Soviet revolution, so must the evolution of the original indicate something of the evolution of China. It is assuredly a better guide than that afforded by the First Empire, though that was the only other real revolution in the long history of a race of whom it has been authoritatively said that they are "the most rebellious but the least revolutionary of peoples."

Only the select circle of leaders among whom the main items of the monitoring in Peking circulate are probably aware of the story of the four audacious Academicians in Moscow who wrote to the Central Committee of the Party and called for the setting up of a second party. The incident was known only to the highest levels, and it is stated that Khrushchev took a very strong line about it. The offenders were expelled from the Party at once and deprived of all their functions. The Soviet leader is said to have declared that a second party would present a grave danger to the monolithic character of the Communist Party and would "dangerously weaken both the regime and the country."

On the other hand, the demand was based not on the normal Western concept of an Opposition Party, but on the

argument that the only certain way of averting another Stalin-like dictatorship was to authorise the creation of an independent party free from the strict control of the Communist Party apparatus. They even asserted that too much power is concentrated now in the small Party Presidium, and that this power is also too dictatorial. It was rather a shrewd blow at the contrasting professions and pretensions of Mr. Khrushchev and would naturally arouse a good deal more heat and antipathy in his camp than in the country generally. But more will be heard of this kind of idea before long.

The pronouncements of the underground movement are still regarded with scepticism, but they have not gone in very much for confident prophecy lately. That lesson has been learned by repeated disillusionment. But when the President of the Russian Solidarists, who is in close touch with events from his headquarters in Frankfurt, told an American periodical that "the mood of unrest is growing stronger and stronger," he was not disbelieved because there are so many signs of that unrest everywhere, and not least in Poland. But he was going a bit far when he said that this mood makes possible a "major upheaval" at practically any time.

The time lag between Russia and China is said to be ten years. It is in fact more. But it is a fact that China is still clambering up the steep slope while the Russians are sliding down, however reluctantly, on the other side. What would follow any real agreement between Russia and the West—including the United States—is hard to guess. But such an agreement today looks as possible as it would have



been deemed quite impossible three years ago. Mr. Khrushchev himself linked relaxation of internal discipline with the relaxation of international tension. At present there are two major groups or inclinations under the surface. One thinks of and desires nothing so much as material improvement of living conditions; the other, termed the idealists, (the new name for the Liberals who are always with us) believe in and desire the progressive democratisation of the Soviet regime.

It was hinted that Khrushchev planned to give wide publicity to the incident of the dismissal of the four Academicians at the right moment so as to scotch any public desire to speed up the "liberalisation" of the regime. He wanted to show that the Kremlin leadership is still sole master of affairs and the only judge of what changes should be made in its political structure. His "second Report" would be a warning to those who might confuse the relaxation of the personal dictatorship with the birth of democracy. Meanwhile propaganda schools are to be set up throughout the Soviet Union to re-educate the indoctrinators. Pravda said that the schools were part of a nationwide change-over of the accent from the political to the economic aspects of Communism—bread in place of dictator-

ship or circuses. And the doctrine will be driven home especially in those quarters where the economic aspect is all important—in the leading industrial plants, farms and other Soviet institutions.

The pressure is most acute in the satellite countries. In Poland developments have been moving much faster than elsewhere, while in East Germany the chief Communist organ Neues Deutschland warned the over-eager that collective leadership does not mean that Party members may discuss decisions from above before carrying them out. This was a false conception of democracy within the Party, which, it said, ignored the Leninist principle of democratic centralism. The episode of the Academicians in Moscow apparently had repercussions in academic circles also in East German universities. A member of the German Academy of Sciences and Communist Party members at Halle University were wrong, said the Party mouthpiece, in holding the view that the decision of the Party leaders should not be adopted "uncritically" but should be discussed further. Such views could only damage Party discipline, whereas the Party takes a unified stand, which is the foundation of the unity and solidarity of the Communist ranks.

Peking very cleverly divided Stalin into two parts, the faithful zealot who gave all for the revolution; and the dictator whose head was turned by adulation. The rest is mere pin-pricks. The double-headed attack by the historical magazine in Moscow, "Questions of History" wrings no withers in Peking. It is a mere re-distribution of national credit on a rather defamatory and depreciative scale. The Chinese couldn't care less whether he was coarse and abusive to Mrs. Lenin, or whether he did or did not lead a strike at Baku in 1905. But they are not wholly unmoved by what is happening over the long border.

Peking is now the mainspring of action and even of experiment, and it is in the detail of action that it differs most from Stalinism. At the end of May the Peking District Party Committee, which is of course in intimate contact with the highest levels, decided to add another 30,000 members to the strength of the Party in this district, and also to speed up the admission of new members. The chief design was to prevent further delays, fomented by ideologues and the more fanatical Party members, to the admission of all intellectuals who are actually actively working for the avowed aims of the revolution. It has taken quite a long time—as time is measured in revolution—to put across the decisions implied in Premier Chou En-lai's speech in January calling for the admission of intellectuals. Thirty thousand is rather a startling addition to membership in a single district. But it so happens that there is an unusual concentration of them in the capital, with its ever-growing universities, colleges, scientific institutes and other academic and technological institutions. They and not the ordinary party cadre are now the real indispensables. The young and ardent party zealots were the one-eyed kings among the blind proletariat and peasants in the early days. Now the expert enters upon the scene, and the Marxist clerks—confused as they are by having to degurgitate nearly all that they had ingurgitated from Stalin's two most monumental works—would relapse into insignificance but for the authority, which is neither little nor brief, in which they are attired.

The CCP had long adhered to the Leninist theory of a small but very efficient and disciplined Party as against one of almost unlimited membership. The CCP has increased its numbers considerably since it came to power, but it is still only about seven million in a population said to be nearly 600 million. The figure does not include the Youth League, which has a larger membership, is always clamouring for the admission of its members to the higher status



## REPORTS FROM CHINA

**Industrial Expansion:** 30 state-private factories in Shanghai will be expanded to increase production. Among them are factories which produce power equipment, ships, precision lathes, paper machines, printing machines, oil drilling equipment accessories and motor car accessories. In Tientsin, a photographic supply factory is being rebuilt to enable it to make camera films and X-ray films. Ninety per cent of the machinery and electrical equipment in the workshops at No. 1 Motor Car Plant in Changchun have begun operation. Installation work at the plant is now nearing completion. Work has started on a 10,000-spindle, 144-loom woolen textile mill on the northern outskirts of Peking. It will specialise in the manufacture of woolen serge and will have an annual capacity of 1.8 million metres. Peking is also building a machine tool plant designed entirely by Chinese engineers. Its capacity will be slightly bigger than

of CCP members, and is one of the major sources of opposition to the admission of the intellectuals. Most of them are noted for their intestinal fortitude: not for their brains. They complement, or are complemented by, the intellectuals, who are leaner and perhaps more thoughtful than ever! One argument used by the group seeking Party expansion is that the Soviet Communist Party has a larger Party membership than China though its total population is only one-third of China's. It is assumed that when the next policy is applied the CCP is likely to rise to more than 11 million. This, together with the nine million Youth Leaguers, will make it the biggest Communist Party anywhere.

Meanwhile those who believe in the doctrine of retribution, and have often been puzzled by the way in which the Grand Inquisitor of Soviet Stalinism Andrei Vyshinsky got away with everything, have noted with some interest that he is one of the latest targets for the wrath of the Communist, organ of the Communist Centre in Moscow. The organ delivered its posthumous attack on him for holding that confession alone was sufficient proof of guilt in cases of crimes committed against the State. It actually had the temerity to point out that under Soviet law extortion of a confession by force or threats was punishable by five years' imprisonment under Soviet law.

Somebody will be asking Premier Chou En-lai some awkward questions on this topic when he next fares forth and faces "free" journalists. It is perhaps one of the developments that does trouble a lot of people in the ruling circles of Peking, even if it does not bother General Lo Jui-ching as yet. Not long ago Peking suddenly found that under the Constitution prisoners had a right to be defended in court. Lawyers were brought back into existence. Those who are most anxious that China should be fully equipped to enter the United Nations are eagerly awaiting a repudiation in Peking as well as in Moscow of the complete sufficiency of the confession, which is now contrary not only to Western but even to Soviet law. The "monstrous phenomenon" of convicting persons on the bases of confession alone was "totally abnormal," says the Communist. "Every accusation, no matter what its nature, requires a basis in proofs which can then be taken into consideration by the Judges. The Courts should abandon the practice of opening trials by asking the accused: 'Do you plead guilty?' They should hold that defendant is presumed innocent until a final verdict is handed down." There are several other points in this article to which the attention of the Public Security, Public Supervision, and other Police, as well as the Judicial authorities, might well be directed in China.

the Shenyang No. 1 Machine Tool Plant, one of the largest machine tool plants in China which was rebuilt last year. A mechanised dairy products processing factory is being built in Inner Mongolia. The factory will turn out 1,000 tons of powdered milk, butter and condensed milk annually. Inner Mongolia's annual output of fresh milk is about 200,000 tons. Factories being built or expanded in this area include agricultural machinery plants, mechanised milk processing plants, bone-grinding mill and a tannery. China's first factory specialising in geophysical prospecting instruments was set up in Sian recently. This year the factory plans to manufacture more than 20 kinds of instruments, including electric logging units, seismic instruments and gravity meters. 51 newly-built or expanded phosphate fertilizer and farm tool factories have begun operation in Yunnan. More than 100 factories will be built or expanded in Yunnan this year. Two sugar refineries to process altogether 450 tons of sugar-cane daily are now under construction in Swatow and will start operation this winter. Another two refineries which can process altogether 3,000 tons of sugar-cane daily are scheduled for construction next spring. By the end of 1957 Swatow will process 5,000 tons of sugar-cane every day.

**New Products:** Heavy duty rubber tyres for China's first trucks to be turned out this year have been manufactured by a rubber factory in Shanghai. Large-scale production will start soon. The Shanghai No. 3 Pharmaceutical Factory which manufactures penicillin is being expanded to produce aureomycin next year. This state-owned factory has been expanded thrice during past four years. Shanghai textile factories will trial-produce 332 new products this year.

**Natural Resources:** Large-scale geological survey has started in the Great Khingan Mountains. The work is being carried out by 20 field teams composed of Chinese geologists and Soviet experts. The area is promising for non-ferrous and rare metals' deposits. In Kansu, deposits of some 200 million tons of coal and oil shale in Yungteng County were discovered. Average thickness of this new coal-field near the Lanchow-Sinkiang Railway is over 20 metres. In addition, there are two seams of 10-metre thick oil shale which contain a high percentage of oil. An estimated 10 million tons of phosphate deposits have been discovered in eastern Hupeh. Preliminary surveys reveal an average 20% phosphorus content.

**Agricultural Output:** 1 million hectares of wheat fields in Hupeh in the middle reaches of the Yangtze River are or will soon be ripe for harvesting. This year's crop is estimated at 10% more than last year. A winter wheat crop more than double that of last year has just been harvested in Kwangtung; the total reached 233,000 tons. The per-hectare yield of winter wheat in this province increased by 26% following improvements in farming technique. Last winter the acreage was expanded by 130,000 hectares. Grain produced last year in Anhwei was 20.6% more than the target set for 1957; more than 11,500,000 tons of grain was produced. Cotton production of the province last year reached 92.34% of the 1957 target. A good harvest of rape-seed from over 380,000 hectares this year is reported from Szechwan; 5% more than last year. Szechwan accounts for 25% of China's total rape-seed crop. The harvest of wheat from 1,260,000 hectares is also good. The total yield shows an increase of 16% more than last year. 250 tons of black and green tea were despatched to Shanghai for export from Anhwei recently. Exports of black and



green tea from Anhwei this year will be 16% greater than last year. Export of high grade black tea from Yunnan during past few months registered an increase of 9.3 per cent compared with the same period last year. State purchases of tea in the province this year are 66% greater than those of last. Kwangtung has planted 20,000 hectares of jute this year, an increase of 20% over last. A record acreage of 654,000 hectares has been sown to soya beans in Liaoning. Spring sowing in this province is now nearing completion. The acreage under soya beans, maize, sorghum and other grain crops is 120,000 hectares larger than last year's. It is expected to add 165,000 tons to the province's farm output. A Sino-Czechoslovak Friendship Farm is being set up in Hopei. Cotton will be grown on 7,000 hectares of arable land in rotation with grain. When the farm goes into full operation next year, it expects to produce 2,600 tons of ginned cotton, 13,000 tons of grain and 600 tons of pork annually.

**Chinese Medicine:** Peking reported that Chinese herbal treatment for leprosy was very successful. The prescription is based on a Chinese medical book written in 1649. Peking also disclosed that 10,000 doctors of traditional Chinese medicine had taken up medical and public health administrative work and teaching of medical science throughout the country. In Tientsin, a committee was set up recently to compile and edit existing data on traditional Chinese medicine.

**Secondary Technical Schools:** China at present has 512 secondary technical schools with a total enrolment of 318,000 students. In addition, there are 6,400 workers and employees taking secondary technical courses at special evening schools. From 1950 to 1955, the secondary technical schools in China trained 311,600 personnel for various fields.

**Scientific Research:** The Chinese Academy of Sciences will establish a scientific research information centre in

Peking this year. This institution is to gather, study and disseminate data on developments and latest achievements in sciences, both at home and abroad. A Chinese research student recently obtained a doctor's degree from the Kalinin Engineering Institute, Leningrad. This student, who specialised in electrical engineering, is the first Chinese student in the Soviet Union to obtain the doctor's degree.

**Communications:** The 221-metre reinforced concrete bridge which spans the Yellow River along the Paotow-Lanchow Railway is now open to traffic. The double decker rail and road bridge across Yangtze at Wuhan will be completed by end of next year. The Lanchow-Sinkiang Railway has reached Kiuchuan, 738 kilometres from Lanchow and 50 kilometres to the east of Yumen oil field. Track-laying along the projected Paotow-Lanchow Railway started recently and before the end of July, an 82-kilometre section is scheduled for completion; this will complete the quota of work provided under the first five-year plan. The railway will run 1,100 kilometres from the future iron and steel centre of Paotow to Lanchow. Surveying of a 60-kilometre railway route from Lanchow to the Liukia Gorge on the Yellow River is being carried out. Liukia Gorge is the site of one of the first two hydroelectric power stations scheduled to be built under the plan for permanently harnessing the Yellow River. The other is Sanmen Gorge. Each will have a capacity of one million kilowatt hours. The immediate purpose of the new line is to transport building material to the construction site of the hydroelectric station. The 513-kilometre section at the western end of the Lung-hai Railway is being rebuilt. The Lung-hai Railway cuts across the country to meet at Lanchow the Lanchow-Sinkiang Railway now under reconstruction. The two will form the major railway lines between East and West China.

Surveying for the construction of a trunk highway is being carried out in Inner Mongolia. It will stretch 1,400



THE INVISIBLE TRADE OF TAIWAN

Taiwan has not been able to effect a favorable balance on its invisible items. Both shipping and insurance—the two main invisible items—have not developed to bring in exchange earnings. There are several shipping companies carrying some portion of import and export, but American, British and Japanese shipping still carry a big portion of international trade. The overseas expenses of Taiwan shipping companies are considerable, payment for which means reducing net exchange earnings. As regards insurance, Taiwan insurance companies are small in resources. It has become necessary for them to give a large portion of the re-insurance to foreign insurance companies and consequently to remit re-insurance premium to the latter. Thus the Government has to supply the necessary foreign exchange instead of getting the full value of foreign exchange earned by local insurance companies. Moreover, Government's expenses abroad have been greater than what foreign governments spend in Taiwan. Hence the unfavorable balance of invisibles.

Taiwan's receipts and disbursements of invisibles for 1953, 1954 and 1955 were as follows:

	Receipt (US\$ million)	Disbursement (US\$ million)
1953	10.5	26.8
1954	17.0	31.2
1955	7.9	22.1

The unfavorable balance in 1953 was US\$16.3 million, in 1954 US\$14.2 and in 1955 US\$14.2 million.

Government since 1952 adopted strict control on outward remittances which have to be screened. The number

kilometres from Hailar to Huhehot, capital of Inner Mongolia.

**Frozen Pork Exports:** Pork exported from Hupeh this year is expected to be 10,000 tons more than last year. However in another report, Peking disclosed that pork exports would be cut by 50,000 tons this year to ease the situation in pork supply in certain areas, especially new mining and industrial centres.

**Bamboo for Construction Projects:** A cheap structural material, bamboo-reinforced concrete, is being used for precast floor slabs and other prefabricated parts of buildings in China. Peking plans to use floor slabs of bamboo-reinforced concrete up to 2.5 metres span in housing projects throughout the country. Peking claims that bamboo-reinforced concrete floor slabs can be as strong as those of steel-reinforced concrete when bamboo is properly used. The ultimate tensile strength of bamboo is 1,500-2,000 kilogrammes per square centimetre. Scientists estimate that this structural element will last 40 years or more. Treatment of the bamboo with natural varnish, and either cresosote, zinc chloride or sodium fluoride is used to extend its durability.

**Investments by Overseas Chinese:** Peking boasted that more investment in China was made by Chinese residents abroad during recent years because China's achievements in construction and its rising position in the world had enhanced the patriotism of Chinese residents abroad. Peking announced recently that before the building of socialism is completed in China, private ownership of company shares by overseas Chinese should be retained and an annual interest of 8% should be paid to them.

of cases averaged 15,000 a year. Under the Foreign Exchange and Trade Control Commission of the Executive Yuan there are two committees in charge of screening of outward remittances; one in charge of government remittances and the other of private remittances. Particulars of governmental remittances are not available. This article will give a description of private remittances only.

Private remittances are classified into 10 categories, namely: (1) remittance for ocean freight, (2) for airlines, (3) for motion pictures, (4) for newspapers and books, (5) for insurance, (6) for students, (7) family maintenance, (8) family travelling expenses, (9) foreign technicians and (10) other remittances. The amount of each category of remittances is not large except that of ocean freight.

Kind of Remittance	1954		1955	
	Amount	%	Amount	%
(thousands of U.S. dollars)				
Ocean Freight	4,433	49.26	11,972	69.45
Airlines	889	9.89	1,224	7.11
Motion Pictures	1,667	18.52	1,325	7.69
Newspapers & Books	444	4.93	400	2.32
Insurance	292	3.25	817	4.74
Students	563	6.26	849	4.93
Foreign Technicians	86	0.99	212	1.23
Family Travelling Exp.	171	1.91	71	0.42
Family Maintenance	266	2.96	165	0.95
Others	182	2.03	200	1.16
Total	9,000	100.00	17,238	100.00

**Ocean Freight:** Since April 1954, exchange has been granted for ocean freight payable on CIF or C & F basis on export goods, and on import articles on FOB basis. Because of the rise of international freight and of the inclusion of exchange certificate price on the payment of freight, shipping business has had a good year in 1955. Foreign exchange settlement for freight in 1955 totalled US\$11,972,248, showing a considerable increase over 1954. The freight on the export of sugar and on the import of crude oil took US\$3 million each, while freight on shipments of rice, fertilizers, and banana was second largest. Of the total exchange settlement, US\$6,270,593 were granted to domestic shipping firms, and US\$5,701,654 to foreign shippers. It consisted of US\$1,404,159 in free dollars, US\$8,213,011 in barter dollars, and HK\$63,825 and £837,110-0-6.

**Motion Picture:** There have been changes in regulations governing the remittance for motion picture rentals during 1955. Because the exchange rate was raised in March by including the foreign exchange certificate price of NT\$6, the remittance for motion pictures was thereby reduced by 25% since. Moreover, in view of the increased ticket sales, which would automatically increase the amount of remittance if regulations remained unchanged, it was decided in September that 30%, instead of 10% as hitherto, of the film companies' share of the ticket sale proceeds is to be deducted, as local expenses of their agents in Taiwan, from the eligible amount of NT\$ for remittance, thus reducing the remittance by 20%. Since October, the remittance has been kept under US\$100,000 a month. However, Chinese film companies in Hongkong have been badly affected by the reduced amount of remittance and therefore some remedial measures are being considered by Government. Of the total remittance in 1955 under this heading, US\$749,752 were free dollars, US\$8,865 barter dollars, and \$3,237,692

Hongkong dollars. The total amount was reduced by US\$342,077 equivalent as compared with 1954.

**Airlines:** In principle, the whole amount of passenger fares and freight received in NT\$ by foreign airlines is eligible for remittance, with the deduction of the local operating expenses of the airlines. The Civil Air Transport—CAT for short—is an American-Chinese jointly owned airline which could apply for remittance, but it has not done so. The Foshing Airline is a Chinese owned company, and because its flights are only domestic, it has not applied for any remittance. It has, however, applied for foreign exchange to buy fuel, which has been granted. Northwest Airlines and Pan American Airlines took the first two places in applying for remittance. Hongkong Airways, Thai Airways and Canadian Airlines all had some shares in the remittance. The remittance under this category was US\$1,224,805 in 1955, 7.11% more than that of 1954.

**Insurance:** The insurance business is closely related to industrial and commercial development. In 1955 there was an increase in the remittance, mostly for re-insurance. There have been more than ten foreign insurance companies applying for remittance of re-insurance from foreign insurers, showing their business scope being broadened. With a view to promote domestic insurance business and to save foreign exchange from re-insurance premium payments, Government commissioned the Central Trust of China to underwrite re-insurance, which started operations from the beginning of this year. The increase in remittance of this category in 1955 was significant, being from US\$292,802 in 1954 to US\$817,161 in 1955.

**Newspapers & Books:** A large part of the remittance of this category was for reimbursement to foreign and overseas Chinese publishers who send to Taiwan their newspapers and periodicals. Foreign exchange was granted to local news service agencies who have representatives stationed abroad to cover their running expenses. However, remittance for book purchases was reduced due to the implementation of the U.S. Informational Media Guaranty Program. This Program has done much to promote the circulation of American books and periodicals in Taiwan. There have been about 45 American publishers who have sent books and periodicals to Taiwan under this IMG Program during 1955, with a total contract value of US\$396,796. The exchange certificate system adopted by Government in March has necessitated the adding of the exchange certificate price to the official rate of exchange on all remittance for newspaper and book purchases. But Chinese newspaper publishers in Hongkong have requested exemption which has been agreed by the authorities. Of the total amount of remittance under this category during 1955, which was less than that of 1954, about 70% was remitted to Hongkong, amounting to HK\$1,731,962.

**Foreign Technicians:** Regulations governing remittance for foreign (mostly Japanese) technicians underwent some changes during 1955. The basic qualification requirement of foreign technicians to be engaged was raised; the number of foreign technicians to be engaged by each enterprise was limited; the period of engagement of foreign technicians was shortened. The aim of the revised regulations was to cut down the amount of remittance required by foreign technicians. Due to the increased number of foreign technicians engaged by fishery and ramie industries, the remittance in 1955 under this category was bigger than that of 1954 by US\$123,091.

**Students:** As an encouragement to students going abroad for advanced study, Government allowed them to buy exchange with NT Dollars at the official rate for the

amount of passenger fare. If they travel by air, they would not require foreign exchange because the airlines accept fares in NT Dollars. The number of students going abroad increased in recent years. They are allowed to obtain Bank of Taiwan's drafts in exchange for foreign currency submitted for the amount of tuition and other expenses. Since October, students who have not taken the examination of the Ministry of Education are allowed to buy foreign exchange for travelling expenses in only two-thirds of the amount allowed for those who have passed the examination. Of the total amount remitted under this category during 1955, US\$501,481 were self-provided exchange (i.e. Bank of Taiwan's drafts issued against the payment of foreign exchange), which constituted about 60% of the total remittance of US\$849,094.

**Family Travelling Expenses:** Remittance allowed for families travelling from Hongkong or Macao to Taiwan has decreased in 1955, partly because of the reduction allowed for each applicant from HK\$200 to HK\$100, and partly because many refugees and intellectuals have been given aid by the Mainland Refugees Relief Association and the ARCI, who would not be entitled to the benefit of this remittance. Remittance under this category amounted to only



## ECONOMIC REPORTS FROM TOKYO

**Economic Conditions:** In its economic report for May the Economic Planning Board states that our foreign exchange account for April was again \$52 million in the black in continuance of the trend since a year ago, which is mainly accounted for by our brisk export trade. Consumption continues rising since last autumn, the level of consumption in urban districts being 8.6% and 7.6% higher in February and March respectively this year in comparison with corresponding months last year. New orders for machinery from private enterprises representing equipment investments reached \$21,600 million in March or about double the amount a year ago. Industrial production index for March was 10.2% higher than the same month last year at 196.0 (1934-36 av. = 100), despite a million ton decrease in coal output because of the strike. Employment is also on the increase, the number for March being 800,000 more than a year ago. Movement of wholesale prices has been on the whole sideways these two or three months, but if the seasonal weakening of food prices is considered the trend is still for a slight rise. Same with consumers prices. But, sharp rises on speculative buyings have now subsided, and, except for such goods as iron and steel, prices are relatively stable lately.

**Conditions in the Provinces:** Salient points of the reports made by the regional finance bureaux chiefs at their meeting in the Finance Ministry are: (1) That prices keep generally strong reflecting thriving exports, but there is little or nothing to feel uneasy about it; (2) That local government finances show some marks of positive efforts made for improvement and reform; (3) That because of the growing monetary relaxation loan competition between the urban and provincial banks is getting more pronounced; (4) That while plant and equipment investments are rapidly growing there is no need of being alarmed at, since most

of them are for modernization purposes or otherwise prudently designed.

**Monetary Situation:** In his speech before the Provincial Bankers Association Finance Minister Ichimada said, among other things, that relaxation of money will go on for the future, and unless such a tendency keeps on improvement of Japanese economy cannot be expected. Money rates are bound to come further down, and bankers may have hard times in carrying on their business. But they shall not be in a hurry in extending loans, lest inflation might again creep in to our economy, which has just recovered to the present stage. The Bank of Japan will also find it difficult hereafter in carrying out its monetary policy. Hence the Bank shall be given a new instrument by which to make its policy operative. For this purpose the establishment of a system of requiring banks to keep reserves at the central bank may be needed, and bankers are expected to make themselves prepared for it.

**New Orders for Machinery:** According to the Economic Planning Board, orders received for machinery during fiscal 1955 amounted to ¥419,500 million, or 72% over the previous fiscal year. This upturn was mainly due to a big increase in the orders from abroad caused by more contracts made in export vessels.

**Unemployment:** According to the labor force survey for March, 1956, made by the Statistics Dept. of the Prime Minister's Office, the totally unemployed rose by 310,000 to 1,060,000 persons during the month and reached a new high surpassing by far the previous record of 840,000 made a year ago. Unemployment usually goes up in March, when a number of students to be graduated come out jobless. Yet this year's increase was something unprecedented. Of the 310,000 increase, 190,000 was new graduates and most of others girl job-seekers.

**Wheat & Barley Crops:** The Ministry of Agriculture and Forestry predicted wheat, barley and rye crops for this year of 30,610,000 koku, based on the crop condition as of May 1. This marks a good record, being 2,300,000 koku more than the average year, 260,000 koku more than the actual yield last year, and next only to the previous high of 32 million koku attained in 1954.

**Fiscal Policy:** Finance Minister Ichimada revealed his idea as to the Government's general financial policy in future and the basic policy in drawing up the budget for the next year. He said: (1) that stable currency value being a prerequisite for economic stability and expansion, sound Government finance must be maintained for the future; (2) that small and medium-sized enterprises share little in the present prosperity, and, therefore, something must be done positively for such businesses; (3) that the income tax exemption limit has to be raised further as to the earned income especially, and the resulting decrease in direct tax revenues to be made good by indirect taxes; (4) that budget will be balanced without resorting to, any bond issues by cutting off unnecessary and paring down less important expenses in favor of expenditures most needed; and (5) that supplementary budget for the current fiscal year is not contemplated.

**Fourth Call Loans and Bill Broking Co.:** Executive officers of the now defunct Yokohama Specie Bank and others have founded a new call loans and bill broker firm known as Japan Discount and Call Loans Broker K.K.

HK\$409,040 in 1955, a decrease of over 100% as compared to 1954.

**Family Maintenance:** Formerly there were 2,232 registered applicants for remittance to Hongkong and Macao for this item but an investigation was conducted in Hongkong and Macao during 1955, which disclosed that many cases were not genuine. Many have been denied the privilege of making the remittance. The Executive Yuan ruled that family members who left Taiwan for Hongkong and Macao after the promulgation of the Entrance and Exit Control Regulations shall not be entitled to the benefit of this remittance, with the exception of those who have come here to stay only temporarily, for such purposes as visiting relatives or spending a vacation. As a result, remittance under this category dropped by some 30% during 1955 as compared with 1954.

**Other:** Besides the nine categories of remittances mentioned above, miscellaneous applications for remittance were accepted by the authorities for screening, such as for traveling and sundry expenses of representatives sent abroad by civic bodies, for paying membership fees to international educational societies, for paying patent rights, public surveyor's charges, etc. All these applications, however, have to be accompanied by relevant documents such as contract, invoice, etc. Remittance under this heading aggregated an equivalent of US\$200,572 in 1955, showing an increase of US\$17,959 over 1954.

(Capital authorized Y40 million; Capital subscribed Y10 million) opened for business June 20. Its business consists of (1) loaning and borrowing of call loan funds and acting as broker for such a dealing; (2) discounting of bills and acting as broker for such discounts; and (3) mediation and broking of foreign exchange transactions. There have been for some time only three brokerage firms of any importance in the call loan market, i.e. Uyeda, Tokyo and Yamane. The establishment of the new firm is attracting attention as it is under the patronage of the Bank of Tokyo, the successor to old Y.S.B., which is one of the biggest borrowers of call loan funds.

**Half-Yearly Settlement of Accounts by Banks:** According to the Finance Ministry survey on the settlements of accounts made by eighty-six banks in this country for the half-yearly period from Oct. 1955 to Mar. 1956, bank loans increased only by some 5% over the preceding half-year, while deposits recorded 10% increase, and a substantial repayment was effected on borrowings from the central bank. Current net profits of all banks amounted to Y39,162 million or a 5.14% increase over the previous term. Even the provincial banks made a better showing with a 3.43% increase in profits this term at Y11,216 million. The salient features were: (1) Because of the lowering in loan rates, banks' earnings from loans gained only 3% over the previous term, while in city banks earnings from foreign exchange increased nearly 40%, more than offsetting their decreased earnings in loans; (2) Owing to a marked rise in time deposits, increase in interest payments was greater proportionally to the increase in deposits; and (3) Helped by the lowering of corporation tax and through voluntary reduction of dividends on the part of some provincial banks, appropriation of net profits to reserve funds and other inner reserves showed some increases.

**Industrial Production:** According to the Economic Planning Board, industrial production indexes for March (200.5 on the basis of 1934-36 av.) and April (203.3, tentative) rose to more than two times as high as the pre-war level, thus reaching the all-time peak. It is to be noted the index gained 1.4% in April when usually it is apt to fall.

**Sharp Fall in Unemployment:** Totally unemployed for April fell sharply from the high of 1,060,000 in March to 700,000 or to about the same level as a year ago. Conspicuous was the decrease of 250,000 in women job-seekers as against 230,000 increase in March. April decrease is attributed to the finding of employment by school graduates seeking jobs in March, while some people gave up seeking employment.

**Stock Market:** The stock market, after having advanced steadily without noticeable slump for the past one year, hit an all-time high on the Tokyo Exchange, June 6, with Dow-Jones average price at Y500.70. The Ministry of Finance, however, seeing no unhealthy factors at work in the market, decided not to take any restrictive measures for the present.

**Nat'l Income During 1955:** National income during calendar 1955 totaled Y6,574,500 million (\$18,263 m.), a rise of 8.4% over the previous year. National income for 1954 (Y6,062,800 m.—\$16,841 m.) was 6% above its previous year. The main reasons for this rise in income in 1955 were the bumper agricultural crops and rise in export. Reflecting this, income rise for the primary (agri.-forestry-fishery) and secondary (manufacturing and mining) lines was outstanding. Also notable was the gain in proprietors' and corporate income. On the other hand, increase in expenditures for consumption and plant and equipment investments was comparatively mild, and price trends were stable. Reflecting this, economic expansion was generally sound.

**1955 Trade White Paper:** The Gov't put out a White Paper on Japanese foreign trade conditions during 1955. The following are some of its essential points:

(a) The balance of payments surplus for 1955 was a sizable \$494 million. Particularly significant from the standpoint of national economic self-support was that the commodity trade balance by itself turned out favorably. (Formerly, trade deficits were covered with special procurements by the Security Forces, etc.) Propping the favorable trade balance were; business prosperity overseas and maintenance of sound economic trends at home together with efforts toward industrial rationalization and export market cultivation. (b) However, Japanese trade future is not all optimism. Further efforts at trade expansion are called for to meet current and future problems mentioned below. (1) Intensification of export and credit competition in world markets is expected with rising overseas business gradually tapering off and West European nations in particular going in for business adjustments, leading to eventual increase in export capacity. (2) Voluntary export controls on certain items had to be instituted by Japan in order to ameliorate the rising tide of import restrictions against Japanese goods following the sharp rise in Japanese exports since last year. (3) Price firming for particular lines as steel, copper and shipbuilding has set in from pressures owing to dipping raw materials and plant and equipment reserves.

## ECONOMIC LETTER FROM MANILA

Pres. Magsaysay expressed hopes private capital will accept majority participation in the government-backed project of establishing a ramie processing plant in Davao. Several months ago the President instructed the government's National Development Co. to speed purchase of machinery for the ramie mill. Plans for the plant call for a mill with 6,000 spindles which can manufacture the combined ramie production of Davao and Cotabato, which is estimated to be capable of reaching 3,300,000 pounds a year.

The abaca industry received a big boost when the National Economic Council recommended the release of P18,000,000 from the bond fund to the government's National Abaca Corporation. The Abaca Corp. will use the money mainly to establish an abaca decorticating central and to grant easier credit facilities to abaca producers.

It is impossible to abandon economic controls as long as the country's development program is financed largely through government borrowing. This opinion was expressed by Dr. Andres Castillo, acting deputy governor of the Central Bank. He said that controls must be retained "if we are to safeguard the stability of the currency which is a prerequisite to sound economic development." There is ample capital for investment in local industries Dr. Castillo observed, but what has retarded economic development is the lack of personnel with the proper training in industry. Commenting on this, the business columnist Bernardino Ronquillo, wrote: "This emphasis on the personnel or manpower factor in the current development program becomes specially significant because of the general belief here that the only real problem is lack of capital. Some of our nationalist leaders have, for instance, advocated borrowing



from abroad for economic development but have opposed the entry of foreign investors. Some would even close the doors against foreign technicians in the false belief we have enough technical men to run local industries. Our own experts think nothing is farther from the truth."

Revising their estimates on the basis of the first four months, the authorities said that imports this year might reach a volume of only P788,000,000. However, officials pointed out that customs revenues from all sources have increased sharply during the current fiscal year which ends June 30, and even during the first four and a half months of the current calendar year. From July 1, 1955, to April 30 of this year, total collections of duties charged by the Customs House on imports amounted to P85,277,176 as compared to P42,775,518 during the same period in the previous fiscal year. During the current calendar year, from January 1 through May 19, total revenue collections of the Customs Bureau, including Internal Revenue Bureau taxes, amounted to P98,534,390 as compared to P68,287,528 during the same period of 1955.

Pres. Magsaysay pledged to the tobacco growers that his administration will continue to extend financial aid to the Virginia leaf tobacco industry. The President announced a plan to pass a bill which would limit government tobacco buying to high grade Virginia leaf. He said the measure would promote the improvement of locally grown tobacco. He suggested that planters could dispose of low grade production by barter.

The P1,000,000 released by Pres. Magsaysay for a cotton-growing project in Mindanao will be advanced in the form of a loan by the government's Rehabilitation Finance Corp. Another government organization, the National Development Corp., will administer the fund. The money will be spent for the purchase of equipment and the sustenance of farmers in the 2,000-hectare cotton plantation in the town of General Santos, Cotabato. Officials said that the N.D.C., in order to encourage cotton growing, has promised to buy all locally produced cotton at current prices, as quoted on the U.S. market, plus cost of ocean freight to Manila.

Australia will appoint a trade commissioner in Manila in a bid to absorb a greater share of Philippine commerce. Australian exports to the Philippines increased from 478,000 pounds sterling in 1951 to 1,709,000 pounds sterling in 1955. Products represented were mostly frozen beef and veal, live cattle, canned meats, dairy products, flour and leather.

Automation is being introduced to the Philippines by National Carbon Philippines, Inc. In the first batches of Eveready Batteries which are now coming off the production lines at the National Carbon plant outside Manila the latest automatic processes are being used to eliminate many jobs formerly performed manually. Final inspection, formerly performed by operators running meters over each individual cell, is now carried out by a high precision electric eye device.

The Bureau of Public and Private Schools announces that, on the basis of last year's enrolment, over 4,300,000 students, comprising more than one-fifth of the population of the country, will enter classes in public and private schools, colleges and universities at the start of the new Philippine school year in June.

A tremendous market for Philippine mahogany in Hawaii is being neglected because of the present policy of Philippine lumber companies of diverting almost all of their production to Japan. Two housing projects in Hawaii are now being erected at a cost of nearly \$100,000,000.

Surigao Consolidated Mining Co. said in its annual report that new records were set in 1955 in the company's production of gold and lead. The company processed 144,942 tons of ore during the year and from it produced 53,979 ounces of gold, 66,275 ounces of silver, and 3,993,340 pounds of lead. This represented the largest metal production for any year in the history of the company mine at Mainit, Surigao, although tonnage of ore treated was 20,000 tons less than in 1953. Direct operating profit for 1955 amounted to P2,327,872 and net profits to P1,253,820. Net earnings were sufficient to warrant payment of four 10% dividends and still maintain a substantial surplus.

## ECONOMIC SURVEY OF INDONESIA

(Compiled by United Nations ECAFE Secretariat)

### PART II

#### Trade

Indonesia's difficulties with its trade balance began with a drastic decline in export earnings in 1952 from the 1951 level, owing mainly to a greater fall in prices of major exports, following the end of the Korean-war boom, than in the prices of major imports. The terms of trade fell from 104 (1950=100) in 1951 to 77 in 1952 and 76 in 1953. This trend was reversed in 1954 when terms of trade rose to 80. In the first five months of 1955 they rose further to a monthly average of 89.

The country's trade balance, including oil transactions, which showed a deficit of Rp 154 million in 1952, indicated a rising surplus from Rp 861 million in 1953 to Rp 2,587 million in 1954. It rose farther to Rp 2,219 million in the first eight months of 1955, as compared with Rp 967 million in the corresponding period a year before.

These developments took place partly owing to a step-up in the volume of major exports—especially rubber,

petroleum and petroleum products, and sugar—and, to a larger extent, through the increasingly severe restriction on imports, particularly consumer goods, in line with the policy of protecting foreign-exchange reserves. The value of capital goods as well as raw materials imported also decreased from Rp 4,844 million in 1953 to Rp 4,473 million in 1954, a trend which contributed to slowing down the implementation of the development plan. The share of capital goods and raw materials in total value of imports, however, increased from 56.4 per cent in 1953 to 62.4 per cent in 1954, while that of consumer goods fell from 43.6 per cent in 1953 to 37.6 per cent in 1954. In June 1955, the share of consumer goods in the total value of imports declined further to 30.3 per cent, while the share of capital goods and raw materials rose to 69.7 per cent.

While Hongkong, Germany, Japan, Malaya, Netherlands, the United Kingdom and the United States claimed two-thirds to three-fourths of Indonesia's trade in pre-war (1938) and post-war years, there has been a significant

shift in Indonesia's post-war trade with these countries. The post-war decline in Indonesia's trade with the Netherlands, the United Kingdom and Germany is offset by the post-war rise in its trade with Malaya, Hongkong, Japan and the United States.

In 1954 as compared with 1953, the share in Indonesia's value of trade declined for the Netherlands and the United States, but rose for Japan, with little change for other countries.

During the first four months of 1955 as compared to the same period a year before a rise occurred of exports to the United States and Japan, while exports to the United Kingdom and Netherlands dropped, and those to Malaya showed only slight changes. Similarly, imports from Japan declined sharply, and imports from the United States dropped, while imports from Europe increased slightly.

### ECONOMIC DEVELOPMENT PLANNING

General economic planning is the responsibility of the National Planning Board, a policy-making body composed of the nine Cabinet members most directly concerned with economic development, under the chairmanship of the Prime Minister. The National Planning Board makes the basic decisions in matters of planning and reports to the Council of Ministers for approval.

The National Planning Bureau is established as part of the Office of the Prime Minister, who appoints its Director. The bureau is responsible for collecting materials and drafting economic plans, programmes, and proposed policies. The Director of the Planning Bureau reports directly to the Planning Board, and at the same time is both the Chairman of the Inter-Departmental Co-ordination Commission, which co-ordinates policies and plans between the various ministries and governmental agencies, and Secretary of the Planning Board.

The task of proposing particular development projects belongs to the ministries concerned. The ministry concerned submits the project to the Planning Bureau for further analysis and the bureau in turn submits the project with its recommendations to the board. The execution of the project, after approval, reverts to the department directly concerned, either alone or, where appropriate, in co-operation with other ministries.

The Planning Bureau was in November 1955 in the final stages of drafting a Five-Year Economic Development Plan for the period 1956-1960. Following its previously-established practice, the bureau was working in close co-operation with executive ministries and departments having an interest in the various sections of the Plan. The Plan will thus represent, in essence, a co-ordination of the development and investment efforts of various government agencies in such a way as to reconcile these efforts with the total resources available for development, and with an agreed-upon set of priorities.

The Plan does not set specific targets; rather the Planning Bureau is preparing three lists of projects in order of decreasing priority within each list: special projects which are large-scale, multi-purpose projects to be undertaken by the Central Government; central projects, which are large-scale, single-purpose projects, also to be undertaken by the Central Government; and a list of other projects to be recommended to provincial governments and private enterprises. An estimate is being made by the bureau of the number of projects on each of the three lists that the country's resources and capabilities will permit completing by 1960. "Lines" will be "drawn" accordingly through the lists, which will constitute the Plan through 1960.

One of the Planning Bureau's main tasks is setting the priorities within each list. The basis for priority is the project's contribution to Indonesia's balance-of-payments position, its contribution to the country's "social welfare", and its role as a key industry. In general, projects which save foreign exchange on the import side—cement plants and efforts to grow textile fibres—are considered projects for the government to undertake, along with communications, transportation, and electric power; while projects for increasing foreign-exchange earnings by, for example, increasing the degree of fabrication of the export products before they leave the country—rubber remilling and tyre manufacture—are considered more appropriate for private investment.

The overhead capital industries include communications, transport, electric power etc. A priority project under the heading "key industry" is one whose output is a necessary raw material for some other essential domestic industry.

The special projects, of nation-wide importance, cut across the responsibilities of several ministries; they include five projects to which varying degrees of thought, analysis, and planning have already been given: the Asahan River Complex, the Djatiluhur Power Station-Irrigation Complex, the iron and steel integrated project, the chemical and fertilizer industry and the rayon industry.

While all of the above special projects are at some stage of active study, and some at the blueprint stage, economic justification has not been established for all of them, and even for those for which it has been established work may not be started for a number of years. The iron and steel integrated project is definitely not contemplated before the second five-year period—that is, after 1960. The rayon industry has an even lower priority. It is expected that only some units in the chemical and fertilizer industry programme will be undertaken during the coming five-year period.

A decision has been made to start work on the Djatiluhur Project in West Java, which calls for the installation of 150,000 kW of power-generating capacity and irrigation of 120,000 hectares. The plan is now in the blueprint stage, the pre-project engineering analysis and the economic justification having already been completed and accepted.

A final decision has not yet been made concerning the Asahan Project for a complex of industries based on the mineral and forest resources of North Sumatra and the low-cost hydro-electric potential of the Asahan River. Drawings for two inter-connected power plants had been completed by the Billinton Company before the war, and some preliminary work had been done on access roads, foundations and the like. Under the Japanese occupation some further work of this kind was done, apparently on the basis of the same plan. Since the war the power-plant plans have been reviewed by a French team employed by the Planning Bureau, who apparently confirmed their broad outlines. A generating capacity of 800,000 kW would be possible.

Central projects are single-purpose projects of sufficient size to require government initiative in the undertaking. This list in the plan includes the completion of projects already under way, such as the cement plant at Gresik and the various government projects in the textile industry.

The Industries Department of the Ministry of Economic Affairs had prepared earlier at least tentative plans for 22 chemical plants (including paper and rayon fibres), the initial investment for which was estimated at Rp 657 million. Only a small portion of these projects will be considered for the period of the first Plan.

The major task in the field of transportation is inter-island and coastal shipping. The original goal of PELNI,



the government-sponsored national shipping company, had been to achieve a capacity to handle 80 per cent of the shipping by 1960. However, planning and managerial inadequacies have made it unlikely that this goal will be attained before 1965. It is not known precisely what programme is scheduled for shipping in the period of the Plan.

With the exception of rolling stock needed to handle coal from South Sumatra, the production of which is to be stepped up, railway locomotives and rolling stock are considered adequate. The road beds, however, are seriously in need of attention, and there is a supply of approximately \$4,000,000 worth of rails waiting to be laid.

The flying equipment of Garuda, the Indonesian national airline, is adequate, but much work remains to be done on landing fields. It is probable, moreover, that the frequency of flights is not so great as the equipment would permit, at a time when the airlines are over-booked. There will be improvement and expansion of the tele-communications system, which will require some foreign-exchange expenditures.

Present activity in the mineral sector is organized by very large enterprises—government, mixed and foreign. Known petroleum resources are already abundant and the expansion of their exploitation depends upon government policy decisions rather than upon government investment decisions. An exploration programme under the direction of the National Planning Bureau is to be carried out with the assistance of foreign technicians, many of whom, it is hoped, will be available under international technical assistance schemes, especially under the Canadian contribution to the Colombo Plan. Priority goes to exploration of raw materials for cement manufacture in the Asahan area, economical copper deposits, surveys of manganese deposits in the Djogjakarta area, and continuation of the hitherto unsuccessful efforts to find coking coal in the country. In the meantime, the government mines of non-coking coal in South Sumatra would be rehabilitated with German equipment and under the direction of German technicians.

One of the "co-ordinating" decisions that the Planning Bureau must face is the choice of a fuel for the railways. At present Indonesia's domestic consumption of diesel fuel (a foreign-exchange-earner) is rising rapidly, while domestic consumption of coal (a non-foreign-exchange-earner) is lagging.

The main concern of the authors of the Plan appears to be to build up the fixed policy, the order of priority and the line of continuity which Indonesia clearly needs in the field of economic development. While new programmes have to be launched, the first need is to stabilize and regulate existing programmes. The amount of expenditure, which can be considered as more or less final, at least in its order of magnitude, is Rp 11,400 million for the five-year period. This figure has been calculated less on the basis of present and future needs than on the basis of expenditures for development previously carried out under the national budget. The expenditure of the Plan should therefore be covered without insuperable difficulties even if proper aid were not forthcoming in larger amounts than in recent years and without adding to inflationary pressures. It would be relatively easy to extend the scope of the Plan, should more capital be available than expected. It should be noted, however, that part of the expenditure will require foreign-exchange disbursements, and while the exact proportion of such disbursements in the total has not been, and cannot be, calculated with any precision at this stage, it is undoubtedly relatively high. As in 1954 and 1955 imports of capital goods had to be restricted, together with other imports, in order to protect foreign-exchange resources, some difficulties may arise when such imports will have to be stepped up again to implement the Plan. The main conditions for being able to implement the Plan successfully will be, however, for the Government to carry out steadily the sound monetary, budget and trade policies which the Plan itself, realistically designed as it is, should help to promote.

(End)

## DEVELOPMENTS IN SINGAPORE

The failure of Singapore's Merdeka Mission ends the chapter of Singapore's history headed "The Dash to Freedom". The pace of the dash has been too hectic to build up and present a convincing unity among the parties represented in the All-Party Mission in face of a Colonial Office already faced with strategic problems in Cyprus and Aden, at the same time as Ceylon's new policy. The door to negotiation has not been closed. Singapore maintained its calm throughout the negotiations. The events of the Merdeka Week and the divisions between the parties had reduced the expectation of success. Moreover as the details of the demands to be put before the Colonial Office and of the arguments supporting them had not been made public, the course of the detailed discussion could not be clearly followed in spite of the full Press coverage. The issue was a general one of status, for which the public felt a general wish, but not an irresistible urge, swamping all other differences and minimising all other problems. A large section of the Chinese were concerned with citizenship rather than independence, while the minorities doubted the effect of independence in their future position. And over-all was the picture of differences among the delegation which all sections of opinion accept as a major contributory factor in failure. Any inflammatory effect on the left-Wing unions was countered by the P.A.P. policy of accepting 75% Mer-

deka at this stage and by the unwillingness to demonstrate the Communist threat when all eyes were on Singapore.

When the breakdown came after an extension of the talks, there was disappointment when agreement had seemed near, but it was taken calmly as a temporary failure. Mr. Chew Swee Kee who had acquitted himself well as Acting Chief Minister set the tone in a broadcast when he said: "Communities like individuals are best tested in times of disappointment. It is easy to be jubilant at success. It is less easy to be calm and clear-headed in failure. But we know we can pass that test. We will prove by our demeanour now our political maturity. Because we know our cause is reasonable and right—because we know that time is on our side, we have no need to act precipitately or give cause to others to criticise us, or give ourselves cause to regret later any wrong steps any of our citizens should misguidedly make. We entered these talks responsibly: we have acted responsibly during them: let us act no less responsibly now in this temporary halt on our clear path to Merdeka."

While all appearance of unity in London disappeared and Mr. Lee Kuan Yew made his bitterest attack on Mr. Marshall, all parties were working together to keep Singapore calm, till the leaders returned to report on the reasons

for failure, and the Labour Front and P.A.P. were talking in terms of a new nationalist front to build from the bottom the unity which was lacking among the leaders. In the adversity of failure rather than in the excitement of anticipation in Merdeka Week, Singapore showed its maturity and the comparisons with Cyprus made in the U.K. Press and speeches seemed to apply to some other Singapore.

The first to return was the Governor Sir Robert Black who expressed the general hope that the set-back was only temporary and that Singapore would adjust itself and start again. But the return of the delegation was an anticlimax. Plans had been prepared for a collective welcome to the Mission but in fact they returned by different routes and in different groups. The P.A.P. delegates returned first and Mr. Lee Kuan Yew continued his criticism of Mr. Marshall's attempts to re-open negotiations and repeated his Party's determination to fight elections to end an Assembly now unrepresentative and to resume negotiations to end the Rendel Constitution, and its imperial implications. "We do not want to be involved in this defence chain". Other members while holding to the agreement not to make party statements until all had returned, yet confirmed the impression of a divided mission and of a crisis in the position of the Chief Minister. This has been Singapore's first political crisis—the first time a Ministry was challenged and an alternative had to be sought among Assemblymen or by election. It taught the difficulties of self-government—that Governments are not made and unmade by Governors but by elected Assemblymen, and that the people themselves have to decide on whether there should be elections and what their consequences would be.

The return of the Chief Minister almost the last after his attempts to re-open negotiations and after his visit to New Delhi to meet Nehru, gave the impression of a stage with all the cast assembled and waiting for the Chief Actor who would also write the drama from the moment of his arrival. And the drama was there—and the difference in London vividly illustrated—when he asked Mr. Lee Kuan Yew to withdraw from the Reception Room which had been reserved for "his friends." There was no crowd to welcome him; but the Press wanted and were given half-an-hour to ask their questions, before the Labour Front Party executive were able to put their questions and re-integrate their leader and themselves. He put the blame for failure on the Colonial Office whose approach had been that so long as Britain needed Singapore, the people must give way to British interests, while he had maintained that the people of Singapore had as much right to freedom as the British. He said that he had failed and must resign, unless the Colonial Office agreed to re-open negotiations on his proposals. It was a tired, resigned leader laying down his burdens, but not necessarily his party's.

His fuller case was put in a measured and masterly broadcast after a week-end of talks with his party, of the visit of Che Abdul Hamid to Kuala Lumpur to report to Tengku Abdul Rahman, and of the discussion with the New Zealand Prime Minister Mr. Holland on his way to the Commonwealth Prime Minister's Conference. He repeated his view that it was better to stand out for full demands and he still believed he was absolutely right. There had been "deep differences and the bitterness of wrangling" among the members of the Mission but he believed that even a united delegation would not have got more. Again he set the contrast between British interest in the strategic base and the rights of the Singapore people to "human equality". He recounted the Singapore Mission's retreat from the demand for full Dominion Status till they stood firm against the Colonial Office demand for powers to make Orders-in-Council on Emergency Regulations after con-

sultation with a Defence and Security Council on which they had a majority through the casting vote of the High Commissioner. Although the Colonial Office had said the power would relate only to external defence and foreign affairs, the definition showed that "the British Government was retaining the right to make laws in every sphere of our public life". He described the Constitutional changes agreed—an Assembly of 50 elected members, a Council of elected Ministers presided over by the Prime Minister—and said the Colonial Office had been "generously co-operative" on a single Singapore Nationality.

To avert breakdown he had suggested, on the proposal of the Labour Front in Singapore, that a Malayan should be Chairman of the Defence and Security Council, but this, and a further request for the limitation of over-riding powers to two years, was refused. And after a vote of 9 against the Colonial Office proposals and 4 abstaining, the talks ended.

He then described how he attempted to re-open the negotiations on the three proposals that Singapore's relations with the U.K. should be through another department than the Colonial Office, that a Malayan should be the Governor-General, and that all Orders-in-Council should be subject to an affirmative resolution of the House of Commons. On the third condition he held that the need for approval by the House of Commons would ensure that the special powers were used at the minimum and in circumstances when the obvious action would be to suspend the Constitution. He then recounted how he tried to persuade the delegates to support him but he found them interested in "personal and Party manoeuvres" and some considered it undignified and shameful to attempt to re-open negotiations. He accused Mr. Lee Kuan Yew of torpedoing the possibility of an immediate re-opening of the talks and of giving Mr. Lennox-Boyd the chance of saying in the House of Commons that the Singapore Delegation had disintegrated. He believed however that his step had awakened British public opinion and Parliament might force the Colonial Office "to act reasonably". At the time of the broadcast, he was still awaiting the Secretary of State's reply. He ended on a confession of failure. He had promised Singapore to get freedom constitutionally and that "we would progress politically and economically in harmonious partnership within the Commonwealth." He had had full and fair opportunity to prove his theories but he had failed. He had said he would resign and he had persuaded the Colonial Office he would resign, and this had had a material effect in the concessions they had made. He thought it important that the Chief Minister should always keep his word. He concluded "I have promised to resign if I failed in the Mission. I have failed. That promise I must keep. May my successor lead you to freedom in democracy."

Mr. Lim Yew Hock has formed a new Coalition Government in alliance with the UMNO-MCA Alliance, and with at least the passive goodwill of the Opposition. What lies ahead for Singapore it is difficult to forecast but it is a sobered and wiser Singapore, with better knowledge of its personality and its problems which walks open-eyed towards its future.

#### Chinese Middle Schools

The adoption of the White Paper on Chinese education has not brought any change in the policy of the present leadership of Chinese Middle Schools Students Union, and their totalitarian "democratic centralism" of the Communist pattern. When opposition to their attempts to force students to neglect individual studies for their collective self-indoctrination showed itself in the tearing down of one of their wall-newspapers, they immediately adopted the attitude of accusing their opponents of "undermining" student



# HONGKONG COMPANY MEETINGS

## LOMBARD INSURANCE CO. LTD.

Chairman's Statement: We had another difficult year. The Marine Department result was better than 1954 but still showed a loss. We made further satisfactory progress in the Accident Department but our Fire Profits fell sharply when compared with the exceptionally good results in 1954. In the Marine field the intense competition in the cargo market continues. This is a matter to which frequent reference has been made in recent years and must be accepted as a permanent feature of this class of business. In the Hull market a measure of stability is fortunately maintained through the operation of the Joint Hull Understanding. Arrangements had been concluded last year for the commencement of Fire and Marine business in Canada and operations during the first year show a useful portfolio development. Our new Branch office in Singapore has now been operating for twelve months and the results are encouraging.

Marine business showed a loss this year of \$437,034 as compared with a loss of \$905,330 for the year 1954. Our figures have been severely affected by claims from previous years' accounts and by the 1951 account in particular which

unity". They appealed to the authorities for disciplinary action to defend them and published the name of the opponents. Their campaign to compel students to wear their badge with the five pointed Communist China star aims to isolate those with the courage of their convictions.

The same group adopted the projected Afro-Asian Student Conference in Bandung as an opportunity of international airing of their grievances. They sought the opportunity to meet the Chinese and Communist-sponsored delegates, though denying any Communist domination of the Planning Committee, a denial which the subsequent developments have proved hollow. Their intention was not to speak for a developing Singapore but to air their grievances at the expense of Singapore's reputation on Indonesia, undermining the work of the Goodwill Mission and the attempts to establish closer commercial relation.

Finally, they have been commemorating what they call the "May Thirteenth" incident, when they defied the police in their demonstration against National Service in 1954. They glow in their pride and wish to make it a day in the calendar of commemorative days in an independent Malaya: they see the role of their Union to keep its defiant spirit alive. There was talk of blood drawn by the police though no one was seriously hurt. An exhibition in addition to photographs, showed "blood-stained" clothing as a memento of the day. Against one picture was the caption "Blood debt shall be paid in blood: the longer the debt is paid, the longer the debt is owed". The illogicality not to say political damage of all this did not seem to occur to them while the Singapore Mission in London, to which they sent messages of support were arguing that Singapore could defend itself and while Mr. Tan Lark Sye was criticising their stand in 1954 and arguing that 80% of Singapore's new Battalion should be Chinese. It is the same self-centred Yangko-Merdeka which appeared at the Merdeka rally. Nor are such attitudes the more likely to further the Chinese claim for *jus soli* or make Singapore the more readily acceptable as a part of a Malayan Federation: any more than the picture of Chinese students resisting Malay police are likely to win Indonesian sympathy when they are put on display in Bandung.

now shows a claims ratio of 104.9%. I have compared the results of the 1951 account with those of subsequent years and there appears to be some indication of an improving trend. We have terminated our participation in certain Hull business which has proved unprofitable over the past four years. We shall, nevertheless, have to meet the run off of this business for at least the next three years or more, as Hull business has a notoriously long tail. In the Fire Department, on a premium income which has risen by \$714,831 to \$6,588,408, a profit of \$241,495 emerged after increasing the reserve for unexpired risks by \$285,933. Claims amounted to \$2,931,960 showing a satisfactory ratio of 44.50%. However, this year's surplus was much smaller than that of 1954 due to the heavier claims sustained under the treaty portfolio, which we received through our subsidiary, The Hongkong Fire Insurance Company Limited, relating to United Kingdom business where storm damage in the winter of 1954/1955 was severe. The Accident Account is growing steadily and the premium income increased from \$909,340 to \$1,202,271. Claims totalled \$441,669; a ratio of 36.74%. After making the usual provision for the unexpired risk reserve, the sum of \$160,877 is transferred to Profit & Loss Account compared with \$85,753 last year.

Gross income from Investments amounted to \$1,393,667, an increase of \$16,878 over last year. Our Investments, in common with most Insurance Companies who have substantial holdings of British Government Stocks, suffered a substantial reduction in values consequent upon the severe fall in Gilt Edged prices. As our holdings are all dated securities, this depreciation will eventually be recovered in course of time at maturity, if not before. The Investment and Exchange Fluctuation Reserve consequently reduced to \$9,141,583. The Net Profit for the year amounted to \$636,313 as compared with \$1,231,388 for the year 1954. The recommended dividend is \$2 per share absorbing \$767,848 and leaving \$445,939 to be carried forward as compared with \$577,474 brought forward from 1954.

Complaints from Shareholders: Several shareholders expressed dismay at the reduction of the dividend and the drop in the market value of the company's shares. Mr. J. Hennessy Seth said: At the annual general meeting of the Canton Insurance Office Ltd., held in 1952 shareholders were warned by the Chairman that unless an increased profit was earned, it would not be possible to recommend the same dividend. By recommending the same dividend in subsequent years, the Committee gave no indication of the seriousness of the 1951 marine risks, although its members must have been aware of the situation. Even as late as 1955, when the 1954 accounts disclosed \$905,000 was transferred from Profit and Loss Account to Marine Underwriting Account, the seriousness of the 1951 risks was not brought to the attention of shareholders. My comments in 1952 upon the large claim ratio for 1951 were considered at a meeting of the Consulting Committee, and I was assured that with the elimination of certain business which was a source of trouble to us in 1951 and with a better experience at certain other Agencies, the results would show an improvement. My relief was shortlived. The consolidated Lombard Marine Underwriting Account for 1953 required a transfer of \$350,000 from Reserve for Contingencies to bolster it up. In the same year both consolidated Fire and Accident Accounts showed reductions in transfers to Profit and Loss Account in comparison to the combined Canton Insurance and Hongkong Fire Accounts for 1952. (The merger of the two companies took place in October 1953). The Marine Underwriting Account took a nose dive in 1954, and received \$905,000 from Profit and Loss Account. Since January, 1953, Marine Underwriting has cost us approximately \$1,692,000 which is equivalent to about 44 per cent, or \$4.40 per share, of the Issued Capital. With the exception of certain former Shanghai Companies, we have the

unenviable distinction of being the only Company listed by the Hongkong Stock Exchange unable to maintain its pre-war dividend.

Mr. B. W. Bradbury said: Most insurance companies, not only in Hongkong, but throughout the world have, during the past few years made substantial progress and have increased the dividends whilst our Company is doing exactly the reverse; this state of affairs indicates lack of good management. The Company has lost approximately \$750,000 during the past year and this heavy loss has to be met by drawing more than 50 per cent from the income derived from the Company's investments. The marine insurance department appears to be a consistently heavy loser and it is time to close down this department. Even if the whole of the insurance business of the company was closed down, a very small department could take care of the company's investments valued at over thirty million dollars which yield approx. \$1,393,667 annually; this alone would assure shareholders a regular dividend of at least \$3 per share annually on each of the 383,924 issued shares of the company.

Chairman's Reply: Unquestionably the results of our Marine Account for the past three years have been unsatisfactory and they are a source of constant concern to the Management. However it would not be in the best interests of the Company or its shareholders to close down this department because: (1) the composite nature of our operations makes it most desirable that we should provide facilities for the three principal classes of business, namely Fire, Accident and Marine—which to a large degree are complementary to each other; (2) we are determined to re-establish our Marine Account on a profitable basis, and the fact that our Marine losses of 1954 were reduced by half in 1955 encourages us to believe that we shall succeed.

The Chairman's report and accounts were finally adopted.

## AMERICAN INTERNATIONAL ASSURANCE CO. LTD.

A net profit of £105,201 was reported for 1955. Profits from Life Assurance were £87,577, from Fire Insurance £388, from Marine Insurance £2,340, while from Casualty Insurance there was a net loss of £1,122. A dividend of eight per cent was approved. Mr. C. V. Starr, Chairman, said inter alia: In the Life Assurance Division new sales reached £5.7 million, a 16 per cent increase over 1954. The total amount of insurance in force, £17.6 m., showed a gain of 21 per cent. Life premium income gained 19 per cent whereas life operating expenses including agency commissions, increased by only 14 per cent. Mortality was favourable and income from investments increased substantially.

In the General Insurance Division gross fire premium increased by 25 per cent and gross marine premiums by 26 per cent. Because the Company's limits of retention were increased during the year, net retentions in both classes of insurance were higher. Consequent increase in reserve contributed to the reduction in profits as compared with 1954. Steps were taken last year to correct the adverse loss ratios in motor car insurance. As a result, the loss of over £7,000, experienced in 1954 in Casualty Insurance operations, was cut to £1,122 and there is reason to believe that we can show a profit from Casualty Insurance in 1956.

The total assets now stand at £2,376,012, which is 26 per cent higher than a year ago. If the capital is increased and present operating trends continue the company should be able to pay at least 6% dividend on the increased capital.

Construction of the company's Regional Head Office Building in Singapore is now under way. Since the last general meeting, an agreement has been made with our affiliated Company, the American International Reinsurance Company, to manage our General Insurance operations

worldwide, excluding Hongkong and Southeast Asia which remain under the management of American International Underwriters Far East, Inc. In implementing this plan to widen our General Insurance market, the Company has already been admitted to do business in the United Kingdom and Gibraltar.

At an extraordinary general meeting it was resolved that the Issued Capital of the Company be increased from £210,000 to £280,000 by the creation of 140,000 new shares of 10 shillings each; and that the sum of £70,000, being part of the undivided profits of the Company be capitalised, and accordingly, such a sum be applied in payment in full for 140,000 new shares of the Company of 10 shillings each, that such shares credited as fully paid up be distributed amongst the shareholders in the proportion of one new share for every three shares held.

## CHINA UNDERWRITERS LTD.

The Chairman (H. J. Armstrong, Esq.) reported: 1955 was a successful year and our premium income of \$3,677,875 was a record figure despite the cessation of new Life business in Indonesia in 1954. Unfortunately new restrictive legislation in Burma necessitated a further curtailment of Life Assurance activities from the beginning of 1956. Premiums of Life department increased by \$235,524 and interest increased with the growing Life fund. Death claims were very moderate and maturity claims were fully provided for by the actuarial reserves. Surrenders were not heavy in relation to business in force and commission and expenses bear a better ratio to premiums than in previous years. The Life fund amounts to over \$9 million, which is an increase of more than \$1½ million during the year enabling us to continue to allow interim bonuses at \$12.50 per annum per \$1,000 Sum Assured on participating policies which become claims. Net premiums in the Fire department did not quite reach the 1954 figure, but the Accident account shows a very satisfactory increase in income. In the Marine department we managed to increase premiums, although there is continued heavy competition for business. Claims were satisfactory in all departments and we have transferred \$140,000 in all as underwriting profit to Profit & Loss account, leaving funds which are more than adequate for unexpired risks.

Our total Assets have increased by more than \$2 million, mainly due to the increasing Life fund. Mortgages and Loans are much the same as at the end of 1954. Investments are almost \$1½ million more, the market value of Investments showing a margin of more than \$1.8 million which is 25% over the value taken into account. Cash stood at an unusually high figure at the end of the year, but a large part of this has since been invested. I said last year that an increase in the rate of dividend could not be expected annually and I should like to repeat this. Nevertheless an increase from 50 cents to 55 cents on each Ordinary Share is recommended in respect of 1955.

## INDO-CHINA STEAM NAVIGATION CO.

A net profit of £348,355 for 1955, was reported by Mr. H. D. M. Barton, Chairman. A dividend of six per cent less tax on cumulative preferred ordinary shares and a dividend of 10 per cent with a bonus of five per cent both less tax on the deferred ordinary shares were declared. The Chairman said: The improved results in 1955 compared with the years 1953 and 1954, are due mainly to a more substantial movement of cargoes and a greater stability in freight levels. Our main cause for concern, which we share with other ship-owners, continues to be the persistent rise in operating costs, and in this respect the excessive time spent in port is a major contributing factor.

The company's policy of progressively replacing coastal ships with more suitable tonnage for deep sea trading operations which have developed since China coast and Yangtze River services were closed to us, is reflected in the increase over the past five years in the fleet's deadweight carrying



HONGKONG STATISTICAL REPORTS

April 1956

Vital Statistics:		April	Total (Jan.-Apr.)	Hongkong Clearing House Figures:		
				February	March	April
Birth .....		6,418	29,431	\$1,253,265,515	\$1,247,055,349	\$1,283,816,319
Death .....		1,519	6,362			
Retail Price Indices:		April 1956 (March 1947—100)	April 1955	Banknotes in Circulation:		
Food (including drink) .....	118	115		The Hongkong & Shanghai Banking Corporation .....		
Rent .....	119	119		The Chartered Bank of India, Australia & China .....		
Clothing (including footwear) .....	91	90		The Mercantile Bank of India, Ltd. ....		
Fuel .....	92	99		Total .....		
Electric Light .....	59	60				
Cleaning .....	89	89				
Education .....	140	138		Production of Electricity & Gas: April		
Tobacco & Cigarettes .....	113	113		Electricity (kw. hrs.) .....		
Doctors & Medicines .....	105	106		Gas (cubic feet) .....		
Fares .....	100	100				
Household Equipment .....	115	114		Food Supply: April		
Hair Dressing .....	122	122		Animals Slaughtered (heads) ....		
Newspapers & Stationery ....	153	153		Fish Marketed (tons) .....		
Shoe Repairs .....	78	81		Vegetables Marketed (tons) ....		
Rates .....	100	100				
General Retail Price Index ....	114	112		Registration of Factories: April		

capacity from 70,211 tons to 82,404 tons as at the end of 1955. The average age of the fleet is just under ten years. In order to meet the requirements of our Borneo Line, the Company purchased in May the Incharran and she has been renamed Hosang. We now have a timber fleet of five "H" vessels, all the same class and capacity. Negotiations were concluded to purchase a new motor cargo vessel East Breeze completing at the Kawasaki dockyard in Japan. This vessel was renamed Eastern Muse and entered service in the Bay of Bengal/Japan Line in October. We have an option until the end of the year on her sister ship the West Breeze, now time chartered to other interests. Last year, I advised that our new vessel the Eastern Argosy was expected to be delivered to us in December. Unfortunately she was not launched by Messrs. William Denny & Brothers Ltd. until September 30 and was finally accepted on April 18 this year. At the close of 1955 and to help offset the purchase of the Eastern Muse, the Wosang and Chunsang were sold for delivery early in 1956.

The value of the fleet now stands at £3,000,024 which includes the Hosang and Eastern Muse as well as payments on account in respect of new building. Investments now total £356,154. On the liabilities side of the balance sheet an amount of £740,000 appears under bank loan representing advances on account of our new tonnage. This figure has since been reduced to £400,000. The cost of the replacement programme has resulted in a less liquid position. Indications are that, with the resulting increased earning power of the fleet, the position will readjust itself in the normal course of events.

Building Construction in April:		Number	Cost in HK\$	Site Work
City of Victoria—				
Offices and Shops .....	1	7,450	—	
Houses and Flats .....	36	2,088,264	6,867	
Other (including mixed accommodation) .....	1	26,189	—	
Island outside Victoria—				
Factories and Godowns ....	2	108,993	—	
Houses and Flats .....	13	1,417,408	44,911	
Other (including mixed accommodation) .....	3	163,263	3,552	
Kowloon and New Kowloon—				
Factories and Godowns ....	14	516,180	15,585	
Houses and Flats .....	202	4,997,724	149,235	
Other (including mixed accommodation) .....	5	1,386,923	165,742	
Total (April, 1956) ....	277	10,712,394	385,892	
Production of Cement		April	Total (Jan.-Apr.)	
Cement (metric tons) .....	12,186		46,147	

capacity from 70,211 tons to 82,404 tons as at the end of 1955. The average age of the fleet is just under ten years. In order to meet the requirements of our Borneo Line, the Company purchased in May the Incharran and she has been renamed Hosang. We now have a timber fleet of five "H" vessels, all the same class and capacity. Negotiations were concluded to purchase a new motor cargo vessel East Breeze completing at the Kawasaki dockyard in Japan. This vessel was renamed Eastern Muse and entered service in the Bay of Bengal/Japan Line in October. We have an option until the end of the year on her sister ship the West Breeze, now time chartered to other interests. Last year, I advised that our new vessel the Eastern Argosy was expected to be delivered to us in December. Unfortunately she was not launched by Messrs. William Denny & Brothers Ltd. until September 30 and was finally accepted on April 18 this year. At the close of 1955 and to help offset the purchase of the Eastern Muse, the Wosang and Chunsang were sold for delivery early in 1956.

The value of the fleet now stands at £3,000,024 which includes the Hosang and Eastern Muse as well as payments on account in respect of new building. Investments now total £356,154. On the liabilities side of the balance sheet an amount of £740,000 appears under bank loan representing advances on account of our new tonnage. This figure has since been reduced to £400,000. The cost of the replacement programme has resulted in a less liquid position. Indications are that, with the resulting increased earning power of the fleet, the position will readjust itself in the normal course of events.

**Kowloon-Canton Railway**  
(British Section):

**Passengers**

	April	Total (Jan.-Apr.)
Upward .....	238,972	855,475
Downward .....	267,315	848,750
Concession Tickets ....	20,199	67,267

**Freight**

Upward .....	1,617,970 kgs	4,653,050 kgs
Downward .....	17,476,090 kgs	61,093,910 kgs

**Vehicular Traffic:**

Total number of vehicles and drivers licensed:

Vehicles:	In April	Total on Apr. 30
Trams .....	—	126
Motor Cycles .....	34	1,523
Private Cars .....	287	17,738
Taxis .....	11	344
Public Hire Cars .....	5	283
Motor Buses .....	10	574
Public Commercial Lorries ....	41	1,394
Private Commercial Lorries ....	70	1,859
Government Cars & Lorries ....	2	840
Lorry (Kai Tak Airport Devel.)	37	37
Lorry (Construction Site) .....	216	216
Rickshaws (Private) .....	—	24
" (Public) .....	—	853
Public Chairs .....	—	6
Tricycle (Goods) .....	3	781
Trailers .....	—	8

**Drivers:**

Motor Car Drivers .....	1,083	53,097
Const. Site Drivers .....	228	228
Driving Instructors .....	30	30
Rickshaw & Tricycle Drivers ....	111	3,198

**SHIPPING**

**FOREIGN TRADE CONDUCTED BY JUNKS AND LAUNCHES UNDER 60 TONS**

	April		Total (Jan.-Apr.)	
	Inward	Outward	Inward	Outward
Tonnage of Cargo: Junks .....	79,982	3,379	322,164	14,014
Tonnage of Cargo: Launches ...	3,914	703	15,387	4,426
Total .....	83,896	4,082	337,551	18,440
Tonnage of Vessels: Junks .....	96,725	93,162	392,475	389,337
Tonnage of Vessels: Launches ..	8,069	8,161	34,144	33,995
Total .....	104,794	101,313	426,619	423,332

**COMMERCIAL CARGO TONNAGES**

	April		Total (Jan.-Apr.)	
	Discharged	Loaded	Discharged	Loaded
Ocean-going Vessels (ton) .....	267,978	144,375	1,166,239	538,082
River Steamers (ton) .....	861	2,104	4,214	6,261
Total (ton) .....	268,839	146,479	1,169,453	594,343

**AVIATION**

**Arrivals and Departures of Aircraft, Passengers and Freight at Kai Tak**

	April	Total (Jan.-Apr.)
<b>Aircraft:</b>		
Arrivals .....	306	1,206
Departures .....	308	1,206
Total .....	614	2,412
<b>Passengers:</b>		
Arrivals .....	8,120	25,522
Departures .....	8,219	27,625
Total .....	16,339	53,147
<b>Freight:</b>		
Imports (kilogrammes) .....	60,535	235,096
Exports (kilogrammes) .....	167,533	636,877
Total .....	228,068	871,973

**HONGKONG'S TRADE WITH OTHER COUNTRIES IN EAST ASIA**

	Imports			Exports		
	April		Total Jan.-Apr.	April		Total Jan.-Apr.
	HK\$	% of Total Trade	HK\$	HK\$	% of Total Trade	HK\$
Burma .....	6,800,833	1.58	17,049,733	1,668,127	.52	5,023,431
Ceylon .....	408,868	.09	953,856	2,001,525	.63	5,486,276
Vietnam, Cambodia & Laos .....	4,725,686	1.10	18,963,119	10,878,682	3.41	57,517,531
India .....	7,030,375	1.63	24,516,265	1,848,049	.58	6,341,486
Pakistan .....	11,129,359	2.58	45,129,858	744,764	.23	1,995,831
Malaya .....	15,135,604	3.51	57,401,005	34,229,321	10.72	126,834,211
Philippines .....	2,929,303	.68	7,851,177	4,757,594	1.49	13,500,269
Thailand .....	19,686,834	4.57	61,699,375	45,934,069	14.39	147,056,885
Indonesia .....	2,087,862	.48	8,437,247	89,620,727	28.08	233,911,938
China .....	93,653,620	21.73	353,659,212	9,591,785	3.01	33,572,411
Formosa .....	5,198,551	1.21	15,798,524	4,763,027	1.49	15,227,269
South Korea .....	2,017,330	.47	4,533,247	4,608,695	1.44	36,093,160
Total Trade of Hongkong .....	430,892,278	100	1,537,802,309	319,112,776	100	1,096,588,701



# FINANCE & COMMERCE

## HONGKONG EXCHANGE MARKETS

(June 25—30, 1956)

	U.S.\$			
	T.T. High	T.T. Low	Notes High	Notes Low
June 25	\$590	589 1/4	587	586
26	589 1/4	588 1/2	586 1/4	585 1/4
27	589 1/2	589	586 1/4	585 3/4
28	590 1/4	590 1/4	587 1/4	586 3/4
29	592 1/2	591 1/4	588 3/4	587 3/4
30	593	592 1/4	588 3/4	587 3/4

D.D. rates: High 590 1/4 Low 587. Highest and lowest rates in June: T.T. 593—587 1/4, and Notes 588 3/4—584 1/4.

Trading totals: T.T. US\$3,310,000; Notes cash \$577,000, forward \$1,840,000; D.D. \$405,000. The market improved from steady to firm on weak cross rates in New York and speculative buying. In the T.T. sector, banks provided very strong demand just before the closing of the semi-annual accounts. Exchange operators and merchants absorbed offers from Japan, Korea, Bangkok, and the Philippines. The market was firm at the close last week. In the Notes market, speculative purchases were not heavy. Shippers provided steady demand but the stock

was heavy. Interest for the change over favoured sellers and aggregated HK\$3.29 per US\$1,000. Speculative positions taken averaged US\$1 1/2 million per day. In the D.D. sector, increased overseas Chinese remittances were noted.

**Far Eastern Exchange:** Highest and lowest rates per foreign currency unit in HK\$: Philippines 1.87—1.86, Japan 0.014975—0.01475, Malaya 1.876, Vietnam 0.0666—0.0653, Thailand 0.2732. Sales: Pesos 345,000, Yen 120 millions, Malayan \$310,000, Piastre 9 1/2 millions, Baht 6 millions.

**Agreed Merchant T.T. rates:** Bank's selling and buying per foreign currency unit in HK\$: England 16.202—16.10, Australia 13.016—12.757, New Zealand 16.202—15.867, United States 5.818—5.735, Canada 5.926—5.839, India 1.216—1.205, Pakistan 1.218—1.204, Ceylon 1.219—1.207, Burma 1.216—1.205, Malaya 1.889—1.871; Bank's selling per foreign currency unit in HK\$: South Africa 16.236, Switzerland 1.326, Belgium 0.117, West Germany 1.389.

**Chinese Exchange:** People's Bank Yuan remained at 6.839 per Pound, 0.427 per HK\$, 80.50 per Malayan \$100, 51.40 per 100 Indian and Pakistan Rupees, 58.50 per 100 Swiss Francs, and 234.50 per US\$. Cash notes were quoted at HK\$1.60 per Yuan. Taiwan Dollar remained at 15.65—15.55 per US\$ and 2.74—2.27 per HK\$; cash notes at HK\$162—158 per thousand, and remittances at 155—151.

**Bank Notes:** Highest and lowest rates per foreign currency unit in HK\$: England 15.74, Australia 12.50, New Zealand 14.30—14.29, Egypt 15.20, South Africa 15.72, India 1.1925—1.1875, Pakistan 0.83—0.81, Ceylon 0.86, Burma 0.52—0.51, Malaya 1.835—1.834, Canada 5.9925—5.9425, Cuba 4.50, Philippines 1.94—1.9175, Switzerland 1.35, West Germany 1.35, Italy 0.0091, Belgium 0.105, Sweden 1.00, Norway 0.70, Denmark 0.77, Netherlands 1.43, France 0.01465—0.0145, Vietnam 0.0715—0.0685, Laos 0.079—0.076, Cambodia 0.0775—0.0725, Sandakan 1.50, Indonesia 1.80—1.72, Thailand 0.268—0.265, Japan 0.014825—0.01475, Macau 0.998—0.99.

### GOLD MARKET

June	High .945	Low .945	Macau .99
25	255 1/2	255 1/4	
26	255 1/2	255 1/4	
27	255 1/2	255 1/4	Low 255 1/4
28	256 1/2	255 3/4	
29	257	256 1/2	
30	257	256 1/2	256 1/2 High

The opening and closing prices were \$255 1/2 and 256 1/2, and the highest and lowest 257 and 255 1/4. Highest and lowest in June were 257 and 254 1/4. The market was very steady on firm US\$ exchange rates. Interest favoured sellers and aggregated 78 HK cents per

10 toels of .945 fine. Tradings averaged 7,900 taels per day and amounted to 47,400 taels of which 23,380 taels were actually delivered (3,580 taels listed and 19,800 taels arranged). Positions taken averaged 16,300 taels per day. Imports came from Macau and amounted to 16,000 taels. One shipment of 64,000 fine ounces arrived Macau in the week. Exports totalled 14,500 taels (8,000 to Singapore, 5,000 to Indonesia, 1,000 to Vietnam, 500 to Korea). Differences paid for local and Macau .99 fine were HK\$12.30—12.00 and 11.60—11.50 respectively per tael of .945 fine. Cross rates were US\$37.91—37.90. 24,000 fine ounces were contracted at 37.90 C.I.F. Macau. US double eagle old and new coins quoted at HK\$265—264 and 229—228 respectively per coin, and Mexican gold coins at 276—274 per coin.

**Silver Market:** 1,000 taels of bar silver were traded at HK\$6.10 per tael, 1,500 \$ coins at HK\$3.90 per coin, and 2,000 20 cent coins at HK\$3.00 per 5 coins.

**Money Market:** Idle funds were plentiful and bank deposits continued to increase. Banks reported satisfactory business during the first half year. Interest on Letters of Credit was 6% p.a.; for overdrafts and short term loans, 8%—10% p.a.; and for long term loans, 10%—12% p.a. Native banks charged 12% to 15% p.a. mortgage on real estates.

## HONGKONG SHARE MARKET

(June 25-29, 1956)

Trading slowed down and the turnover dropped to \$4.2 million from \$6.8 m for the previous week. Buyers were cautious after the general increase in rates for the past three weeks. Low buying offers and profit taking eased several shares during the week but closing rates were steady. Ferries continued to drop following the trend of the previous week. Some believed that the possibility of building the bridge with government fund was very small and the uncertain profit-return would discourage private parties from sinking over \$150 million in either the bridge or the tunnel project. Buying offers for Yaumatis therefore recovered to 109 from 107; both ferries, however, lost \$2 on the week. Docks were affected by workers' demand for a wage increase but recovered towards weekend with the settlement of the issue. Wharves slowed down and registered declines after recent liquidation by investors who do not believe that the ease of embargo would bring more trade to HK. Provident also eased slightly. Wheelocks were very popular throughout the week with over 34,000 shares

transacted; the general increase in freight rates and ship-building cost further stimulated the price from 9.30 to 9.50 but profit taking at weekend eased it to 9.45. Union Ins. registered little business; buyers who were unable to get any shares at last week's 975, offered 980 towards weekend. Banks were very firm at 1690 with buyers offering 1680 and sellers demanding 1700. Amal. Rubbers, Cements, Realities, Hotels and utilities retained active demand throughout the week with prices fluctuating within narrow limits:

Shares	June 22		Last Week's Rates		Ups & Downs
		Highest	Lowest	Closing	
HK Bank	1690	1700 s	1680 b	1690	firm
Union Ins.	975	980	975 b	980	+8¢
Wheelock	9.30	9.50	9.35	9.45	+15¢
HK Wharf	94.50	95.50 s	91 b	91 b	—\$3.50
HK Dock	42	41.50	39.50	41.50	—50¢
Provident	14.50	14.50 s	14.30 b	14.30	—20¢
Land	65.50	66 s	65.50 b	65.50	steady
Realty	1.55 b	1.575	1.525	1.525	—2½¢
Hotel	14.40	14.60	14.40	14.50	+10¢
Trams	24	24.10	23.90	23.90	—10¢
Star Ferry	140 b	142 s	138	138	—\$2
Yau-mat	111	111 s	107 b	109 b	
Light (o)	24.60	25	24.50	25	+40¢
Light (n)	21.70	22.20	21.70	22.20	+50¢
Electric	32.75	32.75	31.75	31.75	—\$1
Telephone	24.90	25	24.70	25	+10¢
Cement	35.75	35.75	35.75	35.75	firm
Dairy Farm	16.70	16.80	16.70 b	16.80	+10¢
Watson	11.80	11.90	11.70 b	11.80	steady
Yangtze	7 b	7.05	6.95 b	7	steady
Allied Invest.	5.80	5.90	5.60 b	5.80	steady
HK & FE Invest.	11.40	11.40	11.20 b	11.40 s	steadv
Amal. Rubber	1.50	1.50	1.525	1.50	steady
Textile	5.40	5.40 s	5.30	5.40 s	steady
Nanyang	7.50 b	7.70 s	7.50 b	7.50 b	steady

**Monday:** The market was quiet but the undertone steady. The turnover amounted to approximately \$685,000. **Tuesday:** There were only minor fluctuations in a day of moderate trading. The turnover amounted to approximately \$1,015,000. **Wednesday:** The market remained steady; business amounted to approximately \$673,000. **Thursday:** Wharves yielded to \$91. The turnover amounted to approximately \$880,000. **Friday:** The market ruled steady; business amounted to approximately \$890,000. Wheellocks were very active.

The Secretaries for Yangtze Finance announced that at the close of business on June 28, 1956, the shares had a statistical value of \$8.74.

#### DIVIDEND

Allied Investors announced an interim dividend of 25 cents per share for the year ending March 1957.

#### CLOSING RATES ON JUNE 29, 1956

##### H.K. Govt. Loans

3½% Loan (1934 & 1940), 92½ s.  
3½% Loan (1948), 91 s.

##### Banks

H.K. & S. Bank, 1690 b; 1700 s; 1690 s.  
H.K. & S. Bank (In. Reg.), 493½ b.  
Bank of East Asia, 246 b.

##### Insurances

Union Ins., 975 b; 980 s.  
Lombard Ins., 46 b; 47 s.  
China Underwriters, 8.80 nom.

#### Investment Companies

Allied Investors, 5.60 b; 5.80 s.  
Yangtze Finance, 6.95 b; 7.10 s; 7 s.  
H.K. & F. E. Invest., 11.40 s.

#### Shipping

Douglases, 400 nom.  
Indo Chinas (Pref.), 14 nom.  
Indo Chinas (Def.), 35 nom.  
U. Waterboats (Old), 23½ b.  
U. Waterboats (New), 22.30 b.  
Asia Nav., 1.225 b.  
Wheellocks, 9.40 b; 9.45 s; 9.45 s.

#### Docks, Wharves & Godowns

H.K. & K. Wharves, 91 b.  
Sh. Hongkew Wharves, 90c nom.  
H.K. Docks, 41 b; 41½ s; 41½ s.

#### Miscellaneous

China Entertainments, 17.80 nom.  
International Films, 20c nom.  
H.K. Constructions, 3.80 nom.  
Vibro Piling, 17.40 nom.  
Marsman Investments, 6/- nom.  
Marsman (HK), 65c nom.

#### Cottons

Ewos, 85c nom.  
Textile Corp., 5.30 b; 5.40 s.  
Nanyang Mill, Ex. Div., 7½ b; 7.70 s.

#### Rubber Companies

Amalgamated Rubber, 1½ b; 1.625 s; 1½ s.  
Ayer Tawah, 1.30 b; 1.35 s; 1.325 s.  
Java-Consolidated Estates, 62c b.  
Langkat, 2 s.  
Rubber Trust, 1.60 b; 1.675 s; 1.65 s.  
Shanghai Kelantan, 80c b.  
Shanghai Sumatra, 3¼ nom.  
Sungala, Cum Rts., 3.05 b.

## SINGAPORE SHARE MARKET

(June 16-22, 1956)

Early in the week when the rubber price touched 90 cents a pound cheerful conditions prevailed and Malayan markets improved with all sections active. However, activity was as short-lived as 90 cent rubber and in the second half of the week all sections became subdued with only small business passing. Industrials were steady with a few features. Tins met profit-taking and earlier rises in Rubbers were not generally sustained. The total volume of business was at a lower level.

In the Industrial section Singapore Cold Storage improved to \$1.45 and Wm. Jacks to \$2.80 with buyers over in both cases. Fraser & Neave Ords. were in good demand at \$1.75 with some business up to \$1.77½. Malayan Breweries were firm with buyers up to \$3.50 cum the one for three issue and Wearne Bros. were taken to \$2.90 cum the 5% interim. The Metal Box final of 12½ to make 17½ for the year disappointed some and the shares came back from \$1.58 to \$1.55. Gammons came back to \$1.90 due to profit-taking, Straits Steamship were active at \$11.87½ and \$11.85 and Straits Traders at \$22.75 and \$23.85. United Engineers were firm at \$7.80, Henry Waugh at \$1.35 and both Hammers and Straits Times reached \$2.60 before business eventuated. British Borneo Petroleum jumped to 55/9 on talk of success of the seabed search for oil.

Hong Fatt fell off from \$1.12 cum 7½ to \$1.02 ex, Kuchai were steady at \$1.82½, Rantau at \$1.42 and Talams improved to \$1.85. Petaling remained around the \$3.50 mark with sellers prominent.

Austral Amalgamated touched 17/6, but closed 17/- sellers and Lower Perak had business at 16/10½ c.c.r. after 17/3 done. Laruts were steady at 7/3, Rawang Tins were taken in quantity at 9/9 cum the 1/6 final and Berjuntai fell off to 23/- cum the 2/6 final.

London Tin Corporation had business at 9/1½. The Director's State-

China Providents, 14.20 b; 14.30 s.  
Shai Dockyards, 1 b.

#### Mining

Raub Mines, 3½ nom.  
H.K. Mines, 6c s.

#### Lands, Hotels & Bldgs.

H. & S. Hotels, 14.40 b; 14.60 s; 14.40/½ s.  
H.K. Lands, 65 b; 65½ s; 65½ s.  
Shai Lands, 47c b.  
Humphreys, 17.10 nom.  
H.K. Realities, 1½ b; 1.55 s; 1.525 s.  
Chinese Estates, Ex. Div., 310 nom.

#### Public Utilities

H.K. Tramways, 23.80 b; 24 s; 23.90 s.  
Peak Trams (F. Paid), 75 nom.  
Peak Trams (P. Paid), 37½ nom.  
Star Ferries, 137 b; 139 s.  
Yau-mat Ferries, 109 b; 111 s.  
Chinn Lights (F. Pd.), 24.90 b; 25 s; 24.90/25 s.  
China Lights (P. Pd.), 22.10 b; 22.30 s; 22.10 s.  
H.K. Electrics, Ex. Div., 31½ b; 32 s; 31½ s.  
Macao Electrics, 9.70 nom.  
Sandakan Lights, 9 s; 8.70 s.  
Telephones (Old), 24.90 b; 25 s; 25 s.  
Telephones (New), 24.10 b.  
Shanghai Gas, 90c nom.

#### Industrials

Cements, 35½ b; 35½ s.  
H.K. Ropes, 13 b.  
Metal Industries, 1.80 b; 1.90 s.

#### Stores

Dairy Farms, 16.70 b; 16.80 s; 16.80 s.  
Watsons, 11.70 b.  
L. Crawfords, 34 nom.  
Cold. Macg. (Ord.), 29.90 nom.  
Sinceres, 1.80 nom.  
China Emporium, 8.90 nom.  
Sun Co., Ltd., 1.60 nom.  
Kwong Sang Hong, 175 b.  
Wing On (H.K.) 58 b.



ment shows that the Corporation's holdings in Lower Perak and Berjuntai Tin have been reduced to below 50% and as a result both Companies have ceased to be subsidiaries of the Corporation and that the profit on the sale of these shares formed a substantial part of the total profit on the sales of the Corporation's investments.

The rise in the commodity price encouraged buying of rubber shares and a number of prices quickly moved up; however, in many cases, ardour and the rush of buyers quickly evaporated. Allenby cum 20% touched \$1.00, Amalgamated Malay were taken at \$1.50, Kluang Ords. at \$1.00, Mentakab at \$1.65 and Kempas at \$1.70 cum 10%. Bangawan were taken from London at 63d. and Langkon (N.B.) Ords. at 1/7½ and 1/8½ both including stamp.

Local Loan turnover remained small.

## JUNE TRADE REPORTS

**China Trade:** The biggest trade news was the ease of embargo on China announced by UK and most of her dependent territories. UK businessmen now expect to sell more to China because they estimate that China has already accumulated a sterling reserve of £100 m. Meanwhile China developed more trade with Italy, Belgium, Switzerland, Morocco, France, and Japan. Towards end of June, a group of Australian businessmen left Vienna for Peking. On June 22, Peking signed an agreement with Cambodia under which China will provide during 1956/57, equipment, construction material and merchandise totalling 800 million riels (about £8 million) to be used for the construction of textile mills, cement, paper and plywood factories, farm irrigation projects, power stations, universities, hospitals, youth centres, roads, bridges etc. in Cambodia. Only four non-Communist Asian nations now stand as firmly against the ease of embargo as US; these are South Korea, the Philippines, South Vietnam and Taiwan. With the exception of limited speculative transactions in metals, the ease of embargo did not stimulate shipments from here to China. HK business circles are not very enthusiastic over the long-expected move. Some firms are worried that if they ship embargo goods to China under the exception procedure, their accounts in US may be blocked. Authorities here indicated that goods permitted export to China by UK and other colonies might also be shipped to the Mainland from HK but no itemised list of the articles released from the embargo is available. Applications may be rejected without giving any reasons and exporters are advised not to finalise contracts until approval has been obtained. To HK, China continued to send more new products of her light industries. There were also more imports of beans during the second half month. Large quantities of Chinese staples and in-

dustrial products were transhipped here to Burma, Indonesia, Japan, Australia, India, and Singapore. Shipment of cement to the local market was suspended during second half month because of the shortage in China. The biggest purchase made by local dealers from China last month was the order for Swatow drawn lace amounting to HK\$1.28 million. China also offered minerals to the local market; the latest offer was antimony which is used in the making of aluminium alloy. It is an excellent bearing metal and is also used in the manufacturing of battery plates and type metals. Chinese antimony has following specifications: 1st grade regulus—Sb 99.8% min., As 0.05% max.; 2nd grade regulus—Sb 99.5% min., As 0.20% max.; 3rd grade regulus—Sb 99% min., As 0.3% max.; Antimony Oxide—Sb 20.3 99% min.; Antimony Crude—Sb 69 to 72%, S25 to 28%, As 0.1% max.

**Taiwan Trade:** Taipei doubled the naval blockade of the Mainland to prevent foreign ships from taking advantage of UK's relaxation of embargo on China; two ships encountered Taiwan gunboats along China coast but no incident was reported. Meanwhile, Taiwan pushed more exports to Thailand, Japan and HK. In return, HK shipped more paper, industrial chemicals, pharmaceuticals, metals, etc. to Taiwan. To protect her domestic industries, Taiwan is importing less consumer goods and buying more industrial supplies. Taipei also invited overseas Chinese to invest in Taiwan's textile, metal, machinery, printing, chemical, glass, drugs and other industries.

**Japan Trade:** Japan eased the embargo on China and announced that a new trade agreement would be negotiated with China in August to cover £43 million worth of goods each way. Cargo movements between HK and Japan were very active throughout the month: Japan bought from here large quantities of iron scrap, beans, oilseeds and other staples and shipped to the local market substantial quantities of textiles, sea food, paper, metals, electric appliances and sundries. Importers here, however, curtailed their booking of Japanese goods during second half month because demand from SE Asia showed sign of declining on account of Japan's increasing volume of direct trade with these countries. Under reparation agreements, Japan is now building factories for Burma, Philippines and Cambodia. To Indonesia, Japan might also include textiles and other consumer goods in reparation payments but so far this arrangement is still under negotiation.

**Korea Trade:** Exports from here to Pusan slowed down during the 2nd half month; dealers here received more enquiries than orders from Seoul as a result of following developments: (1) There was still difficulty in finding sufficient space on US and Korean steamers for shipping goods from here

to Pusan as required by Seoul. (2) There was still much delay in getting L/Cs from Seoul to cover shipments already booked. (3) US and European goods advanced in the local market after the increase in freight rates. HK-Pusan freight also hiked. Seoul therefore found imports from HK getting more and more expensive. (4) HK dealers were discouraged to send goods to Pusan on D/P terms because importers there were facing increased difficulty to get foreign exchange for these shipments. The situation was particularly alarming when during second half month, several consignments were returned to HK after being stranded in Pusan for over six months. Meanwhile, Seoul revised import tariff and regulations to curtail imports of luxuries and items which can be produced domestically. To encourage exports, Seoul allowed private firms to use US dollars earned from exports for duty-free imports; however, all shipments of staples must be carried by Korean vessels and exports of tobacco leaf, cotton, dried chilli, grain, lumber, bamboo, various metals and minerals, etc. were prohibited.

**Indonesia Trade:** China was enquiring for Indonesian tin and crude oil in addition to rubber. If Djakarta eventually sends these items to China, Peking would export paper, metals, textiles, and other light industrial products in return. This would affect HK exports to Indonesia which have already been much curtailed by the increasing volume of direct trade between Japan and Indonesia. Meanwhile, cargo movements from HK to Indonesia remained active in spite of various restrictions imposed by Djakarta on imports. Japan at the present, is still regulating exports to Indonesia to the volume of her imports in return. Djakarta is therefore purchasing a substantial quantity of Japanese goods from HK. In her purchase of HK manufactures, Djakarta recently concluded many orders direct with factories here. Djakarta authorities also contracted HK mills to process US cotton for Indonesia. Towards end of June, Djakarta announced that as from July 1, export duty on rubber would be charged at 0.034 rupiah per kilo representing a reduction of 0.152 rupiah from the existing rate of 0.186 rupiah. As a result, rubber gained 0.4 to 0.6 rupiah per kilo in Djakarta. Indonesia also accepted in principle a Soviet offer of credits and technical assistance. A Soviet trade delegation will visit Indonesia in July and products to be purchased (rubber etc.) by Russia will be fixed at the coming negotiation. After the talks with Russia, Indonesia would also negotiate for more trade with Czechoslovakia, Yugoslavia, Rumania, Bulgaria, Hungary and East Germany.

**Thailand Trade:** Thailand now permits free exports of rice and timber to all countries including China. Exports of rubber and tin to China are still pro-



hibited. Cargo movements between HK and Thailand remained very active throughout the month. HK exports, however, are meeting vigorous competition in Thai markets from Chinese and Japanese products. To protect her domestic industry, Bangkok also restricted imports of rubber and canvas shoes and rubber slippers. Quantitative control over imports of nylon tooth brush, tumblers, enamelware, and knitwear was also under consideration.

**Singapore & Malaya:** After Singapore had lifted the ban on export of rubber to China, Peking informed Malayan traders that China did not intend to buy any rubber from Malaya at the present; however, if cheap offers were made later in the year they might buy some Malayan rubber by cutting down purchases from other countries. Singapore bought more than US\$83 m. worth of goods from China last year (frozen fish, meat, canned goods, butter, eggs, textiles, fabrics, industrial machinery and tobacco) but exports to China amounted to only US\$4 m. HK-Singapore trade remained slow as a result of China's direct shipment of various foodstuffs and staples to Malayan markets. The decline in Indonesia's purchase of HK products from Malaya also discouraged Singapore from booking manufactured goods from here. From Burma, the Malayan Government bought 10,000 tons of rice for shipments between July and September.

**The Philippines:** Limited amount of barter business was maintained between HK and the Philippines. Promotion of more export to the Philippines was restricted by increased freight rates and vigorous competition from Japanese goods in Philippine markets. However, according to the Philippine trade delegation which is now visiting HK, Japan, Korea, Thailand and South Vietnam, Filipinos would buy more HK manufactures if HK imports more Philippine lumber, coconut, sugar, rattan, plywood and other staples. HK businessmen complained that Philippine staples were more expensive than those from other sources.

**Vietnam, Laos and Cambodia:** Early during the month, these states made heavy purchases from here with US aid funds but beginning mid-June such procurements were mostly shifted to Japan, US and other producing countries; order for sugar went to Taiwan. From HK, these states limited US dollar purchases to HK manufactured goods; HK flour mill got an order for 1,000 tons of wheat flour from South Vietnam while other factories received enquiries for machinery and equipment. Cambodia relied mostly on Japan for supplies under US aid program. HK trade with this state was limited to barter dealings. Cambodia also imported more consumer goods and other supplies from China; on June 21, Phnompenh obtained £8 million worth of economic aid from

Peking. Laos was seeking better relations with North Vietnam after she had established friendly relations with Peking. Towards end of month, Saigon announced new regulations to restrict imports and to control the distribution of foreign exchange. All licensed importers there who wish to apply for foreign exchange must have warehouse for their imports and pay a minimum security deposit of 350,000 piastres for each imported item. The number of application each importer may submit is also limited and foreign exchange granted must not be transferred to other importers. Import licences will not be renewed if goods are not imported within the stipulated time.

**Burma Trade:** Authorities in Rangoon are organizing state-private joint enterprises which will handle imports of essential commodities. Only merchants of Burmese nationality will be allowed to participate in these organizations. Meanwhile, Rangoon relaxed import restrictions following the recent improvement in her foreign exchange reserve from increased exports of rice to the Philippines, HK and other countries. Enquiries and orders reached here from Rangoon covered cotton and nylon textiles, old newspaper, canned food, and other HK manufactures. From Europe, Rangoon bought metals, paper, industrial chemicals and other supplies; from UK, £940,000 worth of cotton textiles which will be paid for with US raw cotton.

**Ceylon Trade:** Exports from here to Ceylon remained slow due to the increasing volume of direct trade between Ceylon and China. From here Ceylon bought only HK manufactured knit wear, shirt, plastic goods and enamelware. Orders for dried chilli, garlic and beans also reached here but the volume was insignificant.

**Europe Trade:** Imports of paper from Europe slowed down but large quantities of European metals, fertilizer, industrial chemicals, dyestuff, pharmaceuticals and foodstuffs reached here. HK sent to Europe substantial quantities of China produce and HK manufactures. Dealers here, however, were discouraged from booking more European metals, paper and other supplies by the increased indent cost and freight rate. Many imports from Europe are now cheaper in the local market than new indents but buyers still consider them too expensive particularly after the general increase in freight rates in the Far East.

**Trade with UK:** Cargo movements between UK and HK remained very active throughout the month. HK exports still consisted mostly of grey cloth, rubber footwear, gloves, shirts, plastic products, table cloth, bed sheets, torch, towel and other HK products. From UK, HK imported large quantities of metals, machinery, textiles, electrical appliances, motorcars, woollen yarn,

dyestuffs, industrial chemicals, pig iron, cigarettes and other consumer goods.

**Trade with US:** Textile novelties and bamboo table mats made here as well as scrap gunny bags may now be shipped to US if covered by comprehensive certificates of origin. Shipments from here to US consisted mostly of HK manufactured goods. Local demand for US consumer goods remained very strong. US metals, paper and other supplies constituted the major portion of goods shipped from here to Korea.

**Africa Trade:** Shipments of HK manufactures to African markets were very active during the month but towards end of month there was a tendency or slowing down due to the limited purchasing power in these markets. HK products which are now well established in these markets are torch, torch batteries, kerosene stoves, plastic goods, raincoat, enamelware, hurricane lantern, shirt, vests, and other knitwear. HK also bought increasing volume of African staples such as groundnut oil, mimosa extract, etc.

**Other Countries:** **Ukinawa** provided steady demand for cotton textiles, wheat flour, foodstuffs, toilet articles and other consumer goods in the local market. **New Zealand,** HK sent a shipment of planks processed here from timber imported from North Borneo. **Australia** sent here substantial quantities of wheat, frozen meat, fruit, butter and woolslops but bought from here only limited quantities of HK manufactures. **India** sent here more groundnut oil, cotton seed oil and other staples while **Pakistan** continued to ship cotton yarn here in spite of price drops of this item in the local market. Export restrictions on shipments of dutiable goods to **Macao** were partially relaxed; hydrocarbon oils and table waters remained under prohibition.

**Freight Rates:** Far Eastern Freight Conference Lines increased freight rates from HK tariff area by about 15% (with various exceptions) because of the continued rise of operating and building costs. The new rates will become effective as from September 1, 1956. The Conference rates from Shanghai and North China Ports were also revised. Freight charges for almost every route to and from HK have been or will be increased at an average rate of 10%.

**China Produce:** Trading remained active throughout the month with supplies from China, Thailand, Vietnam, Philippines and Taiwan absorbed by orders from Japan, Europe and SE Asia. In addition to popular staples, China also offered to supply HK with minerals such as antimony, red arsenic, fluorspar, manganese dioxide and realgar. Imports of popular items from China, however, remained irregular and dealers here had to obtain supplies from the Philippines, Thailand and other sources when Chinese indents



were unavailable as in the case of groundnut kernel, feathers, beans, and live hogs. Japan purchased sesame, cassia oil, aniseed oil, woodoil, turpentine rosin, silk waste, raw silk, gallnuts, coir fibre, egg albumen, bristles, insect wax, bee wax, goat skin, and soya bean. In spite of Japan's direct trade with China large quantities of staples such as beans were still shipped from here to Japan but such shipments were declining. Europe was interested in maize, aniseed star, groundnut kernel, peppermint oil, cassia oil, aniseed oil, citronella oil, turpentine, rosin, raw silk, spun silk, feather, cassia lignea, dried red chilli, egg products, bee wax, honey and bristles; while SE Asia provided spasmodic demand for rosin, menthol crystal, silk wadding, spun silk, bitter almond, garlic, dried red chilli, alum, gypsum, black bean, red bean, green peas and soya bean. Shipments from here to SE Asia also showed sign of declining due to the increased direct purchases made by these countries from China.

**Paper:** The market was very active at the beginning of the month with Korea providing demand for European and US products and SE Asia buying Japanese and Chinese paper. Korea's purchases, however, were restricted by the limited amount of foreign exchange which importers in Seoul were able to get and handicapped by low buying offers especially after cost of US and European goods had advanced and freight rates increased. Trading therefore slowed down during second half month and the market registered mostly local demand and orders from SE Asia for Chinese and Japanese paper. Dealers here curtailed imports because cost of new supplies from US and Europe became too high while buying offers remained at the level before freight increases. There was, however, no selling pressure and prices of short stocked items especially newsprint in reeds continued to advance.

**Metals:** The ease of embargo on China developed speculative buying in black plate, tin plate, galvanized iron sheet, zinc sheet and zinc ingot. Low buying offers from China prevented prices from skyrocketing. Local demand for factory items remained strong throughout the month. SE Asia also bought factory items in addition to structural steels while Japan continued to absorb substantial quantities of iron and brass scraps. Trading in general was active but the volume of business was limited by advanced quotations as a result of (1) the increased Europe-HK freight for some items such as mild steel bars, (2) the advanced European and American indents, and (3) the shortage of popular stocks. Towards end of June, Japanese manufacturers announced that as from September 1, 1956, metals will be increased by an average of Y2,000 to Y5,000 per ton. Factories here were disturbed by the news that US had suspended the export of about 3,000 tons of black plate to

HK towards end of June. It was later verified that orders booked by factories for their own use were not affected.

**Industrial Chemicals:** Korea, Taiwan and local factories provided unsteady demand for a few items. The market was very sluggish. Korea was interested in rosin, caustic soda, shellac, gum arabic, titanium dioxide, sodium cyanide, linseed oil, formalin, ammonium chloride, industrial tallow and cresylic acid while Taiwan favoured rongalite C lumps, linseed oil, sodium hyposulphite, gum arabic, shellac and formalin. China enquired for sodium cyanide but buying offers were too low to interest local dealers.

**Pharmaceuticals:** The market registered only limited demand from SE Asia and Taiwan for selective items. Prices were steady in general due to short stock and firm indents. Items which were popular throughout the month were quinine powders, dinydrostreptomycin, penicillin preparations, isoniazide tablets, sulfa drugs, potassium iodine, saccharine lactose, caffeine alkaloid, adhesive plaster and clinical thermometer.

**Cotton Yarn:** HK Yarn which enjoyed steady local demand after orders from Indonesia had dwindled, were depressed by low prices for Pakistan yarn. Dealers here continued to book more yarn from Pakistan on account of attractive prices. Indian yarn remained steady on low stock but Japanese products continued to decline. The sluggish market was further depressed by offers from China and Taiwan to supply local market with cheap yarn.

**Cotton Piece Goods:** HK grey cloth and drill continued to enjoy steady demand from UK, Indonesia, Cambodia and local bleaching factories. Japanese grey sheeting was first depressed by marked down indent and heavy supply but during second half month it firmed on increased cost and orders from Vietnam and Cambodia. Chinese grey sheeting and drills registered only demand from Thailand.

**Rice:** Trading was active but prices failed to improve because large quantities arrived from Thailand during the month. China also sent here several shipments. There were also offers from Burma and South Vietnam.

**Wheat Flour:** At the beginning of the month US, Australian and Canadian flour improved on advanced cost but trading was very slow; HK products were barely steady. Towards end of June, however, over 2,500 tons of HK flour were bought by South Vietnam and Thailand in addition to orders from Singapore and Burma.

**Sugar:** The market was very firm at the beginning of the month but as more supply reached here from various sources, prices eased and trading slowed down. Taiwan sugar first improved on orders from South Vietnam and Laos but heavy arrival depressed the market. Philippine brown was firm on low

stock during 1st half month but later declined under new supply and selling pressure. Taikoo products remained firm on steady local demand.

**Cement:** Japanese cement firmed in spite of heavy arrival during the month because supply from China dwindled after Thailand had absorbed 1,000 tons. Dealers here believed that Chinese cement would not flood the local market in the near future because Peking had indicated that China needed more cement for her own construction projects. HK Green Island products enjoyed steady demand from Singapore, North Borneo and local contractors particularly in government construction projects. White cement remained short in stock and supply; price was very firm.

## COMMODITY PRICES ON

JUNE 30, 1956

## CHINA PRODUCE

Aniseed Star—Kwangtung, new, \$72 per picul. Haiphong, \$68. Cassia Lignea—Kwangtung/Kwangsi, \$50 picul cif HK for 80-lb bale packing; \$59 per long ton cif West Germany for 1-cwt bale. Garlic (tongsted)—Kwangtung: Kamshan, \$140 picul; Kwangie A grade, \$115; Limkong B, \$96; Shuitung, 1st, \$94. Frozen Hen Egg Yolk—North China, \$385 per metric ton c & f Europe. Salted Liquid Hen Egg Yolk—(sodium benzoate), \$290 per metric ton c & f Europe. Dried Albumen—Tientsin, 75 5d per pound c & f Europe. Duck Feather—HK processed, NN (85%), \$530 picul. Thai, 1st quality, \$430 picul. Fukien, 72s per pound c & f Europe. Goose Feather—HK processed GGS (90%), \$660 picul. Gypsum—Hupei, white, \$8.50 picul. Antimony Regulus—Hunan, 99.5%, \$2,700 per metric ton. Red Arsenic—Hunan, \$62 picul. Fluorspar—Hunan, 85/90%, \$10-10-0d per metric ton c & f Japan. Manganese Dioxide—Kwangsi, 85%, \$570 per metric ton; 75%, \$530. Realgar—Hunan, A, export quality, \$68 picul. Hog Bristle—Tientsin, No. 55, black, 28s; Hankow, No. 17 black, 22s 10d; Chungking, No. 27, black, 18s 5d; Shanghai, No. 17, black 13s 11d; all per pound c & f Europe. Tientsin, black, 2.5' to 2.75', 21s per pound c & f Karachi. Ramie—Hupei, 40/60, \$2,000 per long ton. Thai, yellow, 1st, new, \$102 picul. Raw Silk—Canton, steam flature, natural, 20/22 denier, \$2,587 picul; 50/70, \$2,090. Silk Waste—Antung tussah bleached, AA, \$5.35 per kilo c & f Japan. Kwangtung, long, yellow, A, \$1,630 per quintal. Spun Silk Yarn—Shanghai, 210/2, \$1,935 per case of 50 kilos; 120/2, \$2,074 per case of 61.7 kilos; 210/2, \$1,337-14d cif Hamburg per case of 61.7 kilos. Silk Wadding—Shanghai, \$38.50 per kilo. Rosin—South China, X grade, \$1,100 per m.t.; AAA, \$1,084; AA, \$69 per m.t. c & f Indonesia. Dried Red Chilli—Hunan, \$145 per quintal. Hopeh, \$78 picul. Anhwei, \$75 picul. Sesame—Hankow, light brown, \$78 picul. Thai, black, \$63. Pncmpenh brown, \$59.80. South Vietnam, brown, \$59.30. Hemp Seed—Kwel-chow, large, \$91.50 picul. Mustard Seed—North China, yellow, \$90 picul. Tea—Fukien: white, Faimutan, 1st, \$1,600 picul; white, Kungmei, 2nd, \$770; black, Tikwanyin, 1st, \$1,780. Anhwei, black, Cheeman, \$4 per 1/2-lb tin. Hunan, black, \$170 picul. Taiwan, Powehong, Jasmine, 1st, \$340 picul. Vietnam, green, 1st, \$155 picul. Aniseed Oil—Kwangsi, in drum, \$1,530 per picul or 15s per pound c & f Europe. Haiphong, in drum, \$1,430 picul. Cassia Oil—80/85%, in drum, \$1,350 picul or 12s 9d per pound c & f Europe. Haiphong, in drum, \$1,300 picul. Citronella Oil—Taiwan, July, \$5.50 pound. Peppermint Oil—Shanghai, \$25 pound. Taiwan, 1st, \$14 pound. Turpentine—South China, 1st, \$75 per m.t. c & f Europe. Woodoil (refined)—in bulk, spot, \$184 picul; bulk, July, \$2,050 per long ton ex-Kowloon Railway in drum. \$19s per m.t. c & f Japan. Almond, Bitter—Indian, red, \$335 picul. Alum Chekiang, \$20 picul. Insect Wax—Szechwan, \$450 picul. Bee Wax—Kwangsi, \$440 per m.t. c & f Europe.



Honey—South China, 1st, \$129 per m.t. c & f Europe. **Galangal**—Kwanthuan, 3rd, \$23.50 picul. **Dried Ginger**—Szechwan, 1102 picul. **Maize**—South Vietnam, yellow, \$25.80 picul. **Thai, red**, \$25 picul. **Menthol Crystal**—Shanghai, \$40 pound. **Rhubarb**—Tientsin, F.A.Q., \$36 picul. **Groundnut Oil**—African, 1% FFA, drum free, old, 1st, \$149 picul. **Tsingtao, drum free**, spot, \$130 picul. **HK, \$155 to \$175 picul**. **Indian, 1% FFA, \$139 picul**. **Thai, \$130 to \$140 picul**. **Black Bean**—Shanghai, \$58.50 picul. **Kwangsi, medium, \$39**. **Shantung large, new, \$40.50**. **Red Bean**—Tientsin, new, \$59 picul. **Kiangsu, \$59**. **Vietnam, \$33**. **Soya Bean**—Dairen, 1st, 1955 crop, \$51.50 picul. **US, 2nd, \$48.50**. **Anhui, \$42**. **Thai, large, 40**. **Green Pea**—Kalgan, \$55 picul. **Thai, large, \$40**. **Rangoon, black, \$31**. **Groundnut, Shelled—Tsingtao, F.A.Q. \$92 picul**. **Philippine, \$79**. **Groundnut in Shell—Tsingtao, large, \$83.50 picul**. **Fresh Hen Egg—Hunan, 700 packing, \$149 per 1,000**. **Kwangtung, \$137**. **Fresh Duck Egg—Kwangtung, 600 packing, \$169 per 1,000**. **Hunan, 500 packing, 150 per 1,000**.

## PAPER

**Cigarette Paper** (in ream), 20" x 30", 22/23 gr.—UK, \$15.50 ream; US, \$15.20; Austrian, \$12.80. **Newspaper** (in ream)—50/52 gr, 31"—US, 55c pound; Canadian, 53c; Chinese, 46c; Japanese, 46c; Norwegian, 53c; Austrian, 51c. **Newspaper** (in ream)—31" x 43"—Cont, 50/52 gr, 50-lb ream, \$28.50 ream. **Norwegian, 40 gr, 38-lb ream, \$22**. **Jap, 50 gr, 48-lb ream, \$21**. **Chinese, 50 gr, 48-lb ream, \$22.50**. **Strawboard—26" x 31"**—Japanese, 8 oz, \$445 per ton. **Chinese, 8-14 oz, \$378 per ton**. **Taiwan, 8-16 oz, \$380 per ton**. **Transparent Cellulose Paper—30 gr, 36" x 39"—UK, \$74.50 ream**; Japanese, \$70.50; Italian, \$72.80. **Bond Paper—22" x 34"**, 60 gr, 32-lb ream—Norwegian or Swedish, \$28.50 ream; Central European, \$25.50; Japanese, \$23.50. **Woodfree Printing Paper—31" x 43"**—Austrian or Dutch: 50 gr and below, 43/48-lb ream, 78c pound; 60 gr and over, 57/60-lb ream, 77½c. **Japanese: 60/100 gr, 57/100-lb ream, 66c pound; 50 gr, 48-lb ream, 67c**. **Chinese, 60/90-lb ream, 63c pound**. **Poster Paper—31" x 43"**—European, 60/70 gr, 57/68-lb ream, 78c to 83c pound. **Japanese, 60/70 gr, 57/68-lb ream, 74c pound**. **Chinese, 17.2 kilo, 36-lb ream, \$17 per ream**. **Tissue Paper—25" x 44"**, 17 gr, 13½-lb ream: Austrian, \$18.50 ream; Norwegian, \$16 ream. **Grease Proof Paper—30" x 40"**, 40 gr, 74-lb ream—Norwegian, \$27.20 ream; Polish or Swedish, \$27.50; Czechoslovak, \$27. **M.G. Cap 25" x 44"**, 22 gr, 17½-lb ream—Continental, \$12.80 ream; Chinese, \$9.60; Japanese, \$9.20. **M.G. White Sulphite—35" x 47"**, 40 gr, 47-lb ream—Austrian, \$31.20 ream; Czech or German, \$30.80. **M.G. Pure Ribbed Kraft—35" x 47"**—Japanese: 38/39 gr, 45/46-lb ream, \$27.50 ream; 33/34 gr, 39/40-lb ream, \$23.50. **Cont., 60/160 gr, 75/160-lb ream, 73½c pound**. **Duplex Board—one side coated, 31" x 43"**—Swedish, 270 gr, 240-lb ream, \$141 to \$153 ream. **Czech, 230 gr, 220-lb ream, \$128 ream**. **Finnish, 230 gr, 220-lb ream, \$128 ream**. **Japanese, 250 gr, 240-lb ream, \$108 ream**.

## METALS

**Mild Steel Angle Bars**—Cont or Jap: 1/8" x 1½" x 1½", \$55 picul; 3/16" x 1½" x 1½", \$51; 1/4" x 2" x 2", \$50; 5/16" x 2½" x 2½", \$51; 3/8" x 3" x 3", \$52. **Mild Steel Flat Bars**—Cont or Jap: 1/8" x 5/8", \$50.50 picul; 1/8"

x 1", \$50; 1/4" x 1" to 2", \$49.50. **HK: 1/8" x 1/2" to 1", \$49 picul; 1/4" x 1/2" to 2", \$48**. **Mild Steel Round Bars**—Cont: 1/2" dia, \$47.50 picul; 1" dia, \$47. **HK: 1/4" to 1" dia, \$48 picul**. **Mild Steel Square Bars**—Cont or Jap: 1/2" to 1" square, \$50 picul; 1½" sq, \$49.50. **Mild Steel Plate—4" x 8"—1/16" to 3/32"**, \$57 picul; 1/8", \$59; 3/16", \$62.50. **Galvanized Steel Sheet**—UK, 4' x 8', 1/16", 55c pound; 3/32", 53c. **Steel Wire Rope—HK, 24 x 6 x 720"—1" dia, \$1.80 pound; 1½", \$1.60; 1½", \$1.40; 1-3/4", \$1.30; 2", \$1.20; 2½", \$1.10; 3", \$1**. **UK, 24 x 6 x 7—1¼", \$2.10; 2", \$1.45**. **Template Waste Waste—Coked: 18" x 24"**, US, \$100 per case of 200 lbs; US, 1 ton skid, \$95 per 200 lbs; UK, \$92 per case of 200 lbs. **Electrolytic: US, \$98 per case of 200 lbs with tin lining; \$86 per 200 lbs of 1-ton skid; UK, 1 ton skid, \$86 per 200 lbs**. **Misprint: UK, 18" x 24" and larger, \$46 per picul**. **Blackplate Waste Waste—UK, 18" x 24" and larger, G29/G33, \$54 per picul**. **Template—UK, 20" x 28", \$130 per 200-lb case of 112 sheets with tin lining; 30" x 36", G24, 77c per pound**. **Galvanized Iron Sheet—Jap, 3' x 7'**, USSG 24, 55c pound. **Blackplate—Jap, 3' x 8'**, G24/G26, 55c picul. **Aluminum Sheets—Japanese, 4' x 8', 99.5% alloy: G22, \$2.30 pound; G18, \$2.27; G26, \$2.30**. **Zinc Sheet—Cont, 3' x 8', G5, \$133 picul; G6, \$132; G8 and G10, \$138**. **Galvanized Iron Wire—Cont or Jap—G8, \$49 picul; G14, \$48; G22 \$56; G24, \$59**. **Steel Wire Rod—Cont or Jap, 1st grade, 1/4", \$45 picul; 2nd grade, 7/32", \$37; 2nd, 1/4", \$36**. **Black Iron Pipe—Cont, 1/2" dia, 40c per ft; 1" dia, 58c; 2", \$1.55**. **Galvanized Iron Pipe—1/2" dia, 45c per ft; 3/4", 54c; 1", 78c; 2½", \$3**. **Wire Nails—Jap, 1 picul keg, 1/2" x 18 BWG, \$71 picul; 5/8" x 18 BWG, \$66. HK, 1/2" x 18 BWG, \$70 picul; 5/8" x 18 BWG, \$66; 1" x 15 BWG, \$48**. **Brass Scrap**—salvaged from engine parts, \$250 picul; mixed old brass, \$220; new brass cuttings, \$230. **Iron Scrap**—cast iron scrap, \$27 picul; wrought iron scrap, 1st choice, \$375 per ton; iron plate, ship salvage, 3/8", \$33 picul.

## INDUSTRIAL CHEMICALS

**Citric Acid**: UK, crystal, \$1.08 to \$1.75 per pound; Belgian, granular, \$1.65 pound. **Cresylic Acid**—UK, 58 cent pound. **Stearic Acid**—Dutch, needle form, \$1.10 pound. **Caustic Soda**—Chinese, \$98 per drum of 200 kilos; UK, \$167.50 per drum of 300 kilos. **Formalin**—UK, 33½ cents pound. **Glycerine**—Chinese, \$1.75 picul; Dutch, \$2.05 pound. **Gum Arabic**—Sudanese, \$1.04 pound. **Linseed Oil**—UK, \$155 per picul; Indian, \$160. **Rongalite C** (lump)—French, \$1.15 pound; Swiss, \$1.20. **Shellac**, Lemon—Indian, No. 1, \$340 per picul. **Soda Ash**—Chinese, \$23.50 per bag of 80 kilos; UK, \$32 per bag of 100 kilos for dense and \$26.60 per bag of 70 kilos for light. **Sodium Cyanide**—German, \$1.14 pound. **Industrial Tallow**—Austrian, No. 1, \$68 per picul; German, \$76 per picul. **Titanium Dioxide**—German, \$2.05 pound; UK, \$2.30; Japanese, \$1.85; US, \$2.

## PHARMACEUTICALS

**Penicillin Lozenges**—2,000 u per lozenge, UK, \$3.30 per doz of 20's. **Penicillin Ointment**—UK, 2,000 u, \$6.20 per doz. **Penicillin-G Tablets**—UK, 12's, 1958, \$1.55 per box. **Dihydrostreptomycin** UK, 1960, 77½ cents per vial of 1 gm.; French, 1959, 64 cents; Canadian, 1960, 85 cents; Japanese, 1959, 67½ cents. **Sulfaguandine**

**Powder**—Swedish, \$6.78 pound. **Sulfathiazole Powder**—French, \$9.20 pound. **Quinine Ethylcarbonate**—Dutch, \$2.65 oz. **Quinine Sulphate**—Dutch, 1932, \$1.40 oz. **Quinine Hydrochloride**—Dutch, 1968, \$1.60 oz. **Isoniazide Tablets**—French, \$1.40 per bottle of 100's x 50 mg; Swiss, \$2.55 per bot of 100's x 50 mg. **Caffeine Alkaloid**—Dutch, \$16.80 pound; French, \$13.50 pound. **Potassium Iodide Crystals**—UK, \$9.60 per bot of 1 pound; Dutch, \$9.50. **Saccharum Lactose**—German, 91 to 93 cents pound; Dutch, 93 cents; UK, 96 cents. **Adhesive Plaster—"Curity" 1/2"** x 1 yd, \$27.30 per gross. **Oral Thermometer**—Japanese, 'C', \$3 pc; German, 'C', \$3.50.

## COTTON YARN

**Hongkong Yarn—20's**, \$1,120 bale; 32's, \$1,420 to \$1,440 bale; 40's, \$1,920 bale; 42's, \$1,640 bale. **Indian Yarn—20's**, \$830 to \$870 bale; 32's, \$1,130 bale; 40's, \$1,370 bale. **Japanese Yarn—32's**, \$1,410 to \$1,430 bale; 40's, \$1,530 to \$1,550 bale; 42's, \$1,690 to \$1,720 bale. **Pakistan Yarn—20's** \$840 to \$900 bale; 32's, \$1,210 bale; 40's, \$1,490 bale.

## COTTON PIECE GOODS

**Grey Sheeting**—Chinese, 72 x 69, 38" x 40½ yds, \$34.40 piece. **HK, 60 x 56, 36" x 40 yds, \$34 to \$36 piece**. **Indian, 44 x 40, 35" x 40 yds, \$24.50 to \$25.50 piece; 36" x 40 yds, \$24.50**. **Japanese, 72 x 69, 38" x 40½ yds, \$35.80 piece**. **Jeans**—Chinese, \$28.50 piece. **HK, 84 x 48, 30" x 40 yds, \$30 pc**. **Shirtings**—Japanese, No. 4040, \$1.45 per yd.

## RICE

**White Rice**—Thai, A-5% new, 1st quality, \$57.80 picul; C-15%, old, 1st, \$59.40; D-20%, new, \$51.30. **Chinese, B, \$55.50 picul; A, new, \$54.60; 1st Quality, \$46.80**. **Three Quarter Rice**—Thai, 2nd, new, \$48.80 picul; 3rd, new, \$43.30. **Broken Rice**—Thai, A-1 superior, new, \$41.80; ordinary, new, \$37.60. **Thai, B-1 ordinary, new, \$32.50 picul**.

## WHEAT FLOUR

**Australian—150-lb gunny bag, \$33.50 to \$34 bag; 50-lb bag, \$11.80 to \$13 bag**. **American—50-lb bag, \$12.90 to \$14 bag**. **Canadian—100-lb cloth bag, \$33.50 to \$34 bag; 50-lb bag, \$15.80 to \$16.20 bag**. **HK—50-lb bag, \$11.40 to \$12.20 bag**.

## SUGAR

**Granulated Sugar**—Taiwan, refined, No. 24, \$43 picul; No. 18, \$36.50; fine, \$43.20. **Japanese, fine, \$44 picul**. **Taihou, fine, \$45.30; brown, \$30.70**. **Philippine, brown, 1st, \$36.50; 2nd, \$36; fine, \$43.20**. **Australian, brown, \$39.30**. **Sugar Slab (brown)—HK, 1st, \$36.50; 2nd, \$35**. **Canton, 2nd, \$36.50**. **Sugar Candy—HK, 2nd, \$47**. **Malt Sugar**—Thai, \$38.50 picul.

## CEMENT

**Hongkong—Emeraldcrete, rapid hardening, \$8.20 per bag of 112 lbs**. **Emerald, \$6.20 per bag of 100 lbs and \$7.10 per bag of 112 lbs**. **Snowcrete, \$18 per bag of 1 cwt and \$70 per drum of 375 lbs**. **Chinese—Five Rams, 45-kilo bags, \$116 per m.t. cif HK, ex-ship**. **Japanese—\$5.80 per bag of 100 lbs and \$6.50 per bag of 1 cwt**.

## JAPAN'S TRADE WITH EASTERN EUROPE AND CHINA

(in thousands of dollars)

Country	1954		1955	
	Exports	Imports	Exports	Imports
U.S.S.R.	40	2,250	2,076	3,054
China	19,105	40,770	28,547	80,777
North Korea	—	76	—	—
East Germany	2,445	5,270	3,180	5,161
Poland	1,138	—	1,121	—
Czechoslovakia	1,328	21	4,524	40
Mongolia	14	—	—	41
Other Eastern countries	—	10	2	—
Total	24,090	48,397	39,450	89,073